



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

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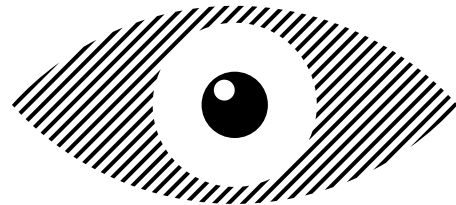
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99%

We work with thousands of enterprises and research institutes across the globe, including 99 of the world's top 100 universities.

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This is Tobii

We are the global leader in eye tracking and we are passionate about leveraging technology for a better future. Our journey began more than 20 years ago when we delivered the world's first plug and play eye tracker. Since then, our mission has been to improve the world with technology that understands human attention and intent, or what we call attention computing.

Machine learning, artificial intelligence, and advanced signal processing lie at the heart of what we do. We decode head and eye movements, translate subtle gestures, and generate insights to reveal what captures a person's attention and their intent —no matter who, no matter where. →



Attention computing has essentially limitless applications. It helps scientists explore the brain and human vision, and market researchers to optimize the customer experience. Our technology empowers partners in education to automate reading assessment and offer immersive gaming experiences and virtual reality interactions. In manufacturing environments, it improves productivity, training, and safety.

Today, we work with thousands of enterprises and research institutes across the globe, including 99 of the world's top 100 universities. Tomorrow, we will continue our quest to understand attention and intent, building technology that works in harmony with human behavior.

We are Tobii. We create tech for a better future.

We create
tech for a
better future



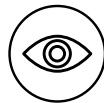
01

Introduction

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Mission, vision and values

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



Vision: A world where all technology works in harmony with 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

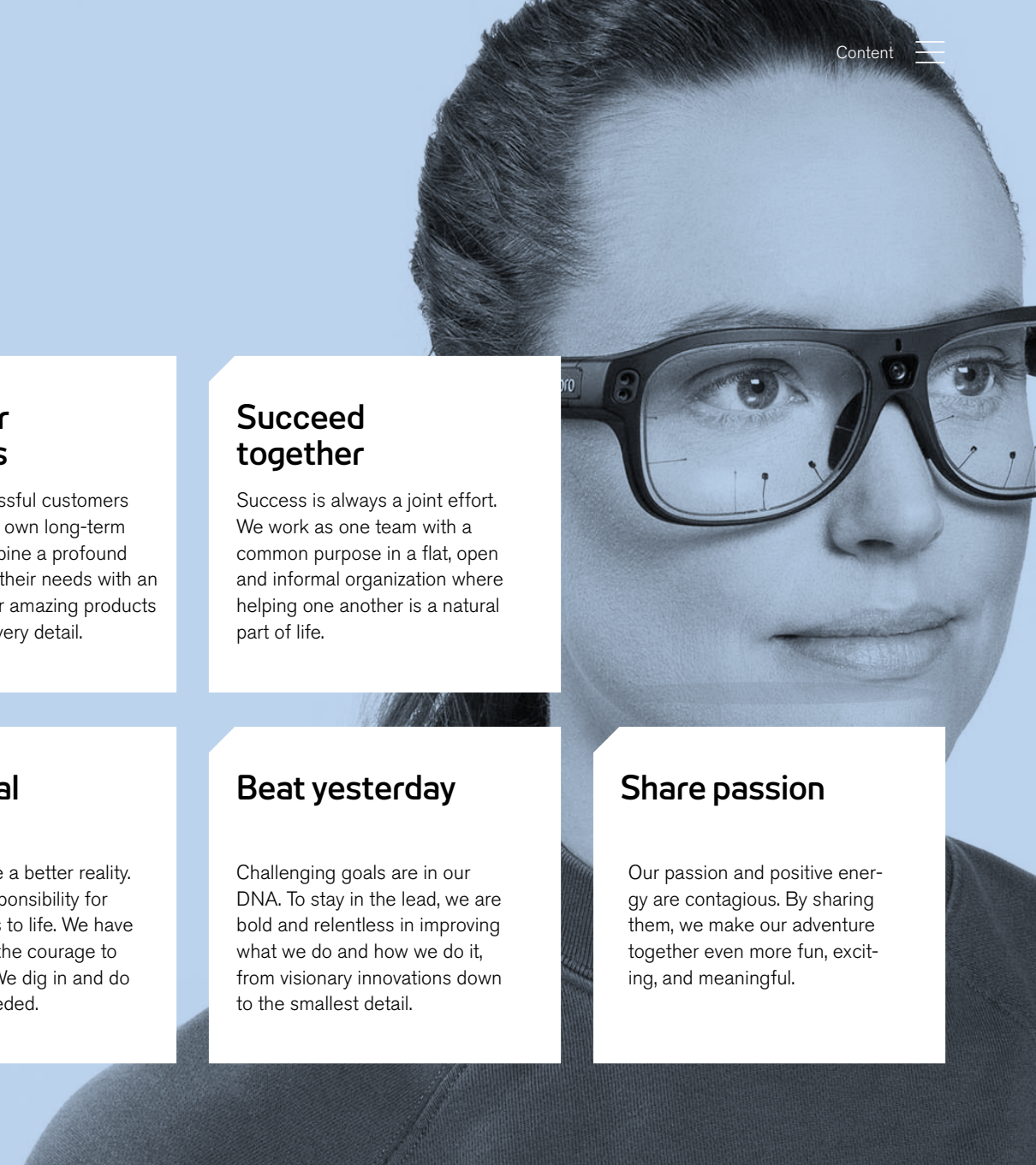
We want to create a better reality. We each take responsibility for bringing our ideas to life. We have the freedom and the courage to make decisions. We dig in and do the hard work needed.

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.



This is attention computing

Attention computing is the use of sensor technologies a machine or a device can leverage to understand a person's attention and intent. It is an advanced level of human-computer interaction that generates high-level attention signals such as awareness, intent, and cognitive state. Insights can be leveraged in research or by an application to do something smart — such as warn when a driver is drowsy, enable handsfree device interaction, and detect the early onset of neurodegenerative diseases and conditions.

Sensors typically measure things humans cannot. They capture data in a systematic way with high precision and accuracy. The value of raw sensor data increases as it is abstracted into higher-level insights. The combination of different types of insights with the power of AI enables us to make innovative connections, identify patterns, and discover new findings that would otherwise be impossible.

We created attention computing to remove the barriers between people and technology.

We used our groundbreaking eye tracking technology as a foundation, adding new capabilities such as presence and head tracking to calculate the attention signals needed for breakthroughs in scientific research, deepening behavioral understanding, the design of new safety features, and democratization in areas such as education and healthcare.

»We created attention computing to remove the barriers between people and technology.«

Global leader in eye tracking



Market leader in eye tracking solutions integrated into PCs, VR headsets, and custombuilt devices



Global coverage and offices in 12 countries



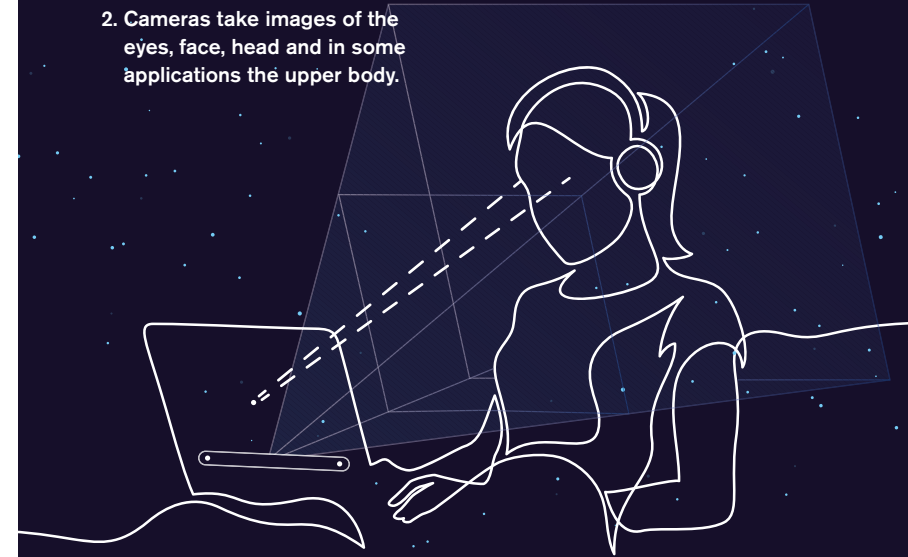
More than 700 patents



Over 600 Tobiians

How attention computing works

1. Most common eye tracking and attention computing sensors uses cameras and algorithms, often in combination with illuminators.
2. Cameras take images of the eyes, face, head and in some applications the upper body.
3. AI, deep learning and computer vision determine core signals such as gaze point, head pose, presence and many other signals.



A pivotal year in the history of Tobii

With the help of attention computing, we make it possible for technology to understand human attention and intent, enabling value-creating and disruptive innovations and advances in a wide range of products, industries, and applications. Looking back at 2021, I see a year of tremendous effort and solid achievement across the organization. Our business returned to healthy organic growth, despite the continued hampering effects of the pandemic. We also successfully executed the spin-off of Tobii Dynavox and the integration of Tobii Pro and Tobii Tech. Tobii is now entering a new phase where some of our important investment verticals are entering a growth phase, driving stronger than historical growth.

2021 — A milestone year for Tobii

2021 was an intense year for the organization. The see-saw effect of the coronavirus pandemic strained supply chains and continued impacting our customers' ability to ship products and run studies. The global uncertainty and volatility forced us to adapt rapidly and implement new, more dynamic ways of working. Despite the continued hampering effects of the pandemic, our business returned to healthy double-digit growth and progressed towards our target of profitability by 2023. Our strategy to invest in technology leadership and market reach continued to yield results. We achieved important steps in our roadmaps and continued to push the boundaries of eye tracking and attention computing. Existing partner-

ships are deepening, new ones are forming, and customer engagements continue to grow throughout all pillars of our business.

During all this, we also accomplished two major organizational milestones. We went through with the successful spin-off of Tobii Dynavox and we also integrated the business units Tobii Tech and Tobii Pro, which laid the foundation for the new Tobii. The amount of work and extraordinary efforts by many parts of the organization to make this possible were enormous. I am extremely proud of the dedication and delivery from the team, resulting in successful outcomes in both projects. I want to thank all our employees for the hard work and fantastic achievements during a challenging year of pandemic and company transformation.

The value created by the integration of Tobii Tech and Tobii Pro is already bearing fruit. Customers see the added value from Tobii's ability to offer and provide easy access to a broader set of solutions and competencies. In R&D, the cross-fertilization between Glasses 3 and our XR platform, or the development of core attention computing technology and applications, enables us to accelerate our pace of innovation. We also see clear benefits in data collection and improved opportunities for rotation of employees, enhancing our individual employee development and motivation and our organizational learning. I am certain we will continue to unlock more untapped potential going forward.



»Tobii is now entering a new phase where some of our important investment verticals are entering a strong growth phase. «

The new Tobii

The new Tobii is a more focused company and an excellent opportunity for investors. Tobii's future lies within the field of attention computing, which uses sensor technologies to understand a person's attention and intent. It is an advanced level of human-computer interaction that generates insights around a person's presence, awareness, or cognitive state. Insights create profound value and drive ground-breaking innovation in a wide range of products, industries, and applications. For example, insights allow for innovations in research or other smart applications— such as warning when a driver is drowsy, enabling handsfree device interaction, and detecting the early onset of neurodegenerative diseases and conditions.

Through our leading position in this industry, our technical expertise, our diversified product portfolio, and scale, Tobii has an opportunity to generate solid returns in highly-attractive growth markets. The growth of the underlying markets is underpinned by megatrends like the rapid spread of gaming, the metaverse, the attention economy, and the digitalization of education and healthcare.

Pursuing our grand vision is a formidable task

The unpredictability of the adoption of new technology is well documented and, for good or bad, a part of Tobii's reality. So realizing our long-term ambitions requires dedication, perseverance, long-term commitments, and often a great deal of patience. The foundation built over the past two decades truly relies on traits like these among employees, the board, and shareholders.

Although there is still a way to go in terms of financial performance, there is no doubt the leading positions and assets Tobii created are of great value. As we look forward, we will continue to invest in building on those positions and assets and add to that value. Some of the long-term investments are approaching a phase where returns are expected.

The markets and ecosystems are developing in our favor.

We see stronger tailwinds in the markets and the ecosystems we operate in are moving in the right direction. For 2021, I would like to specifically highlight the XR segment, which experienced a substantial increase in activity. Few have missed the hype around the metaverse. In its wake, we are experiencing unprecedented interest in our XR solutions. As a result, our integration team is progressing deeply with multiple key accounts and engaging with many new promising customers. Our negotiation with Sony is only one example. This is also increasingly spilling over to our PC segments, where customers are looking for technologies promoting metaverse-like interactions.

For Tobii, eye tracking and attention computing, increasing awareness of the technology's opportunities is a key success factor, so the developments in mass-market applications are extremely important.

Sustainability

We take our mission to improve the world with technology that understands human attention and intent seriously. We divide our strategic sustainability efforts into two main pillars. First, we maximize the positive effects on the world derived from our products & solutions, and we use our leading position in the industry as a force for good. Secondly, we constantly improve how we run our own business from a social, ethical, and environmental perspective.

During the year, we have further emphasized the importance of sustainability. Our focus on sustainability and board-of-director-level oversight has been strengthened to ensure our actions align with our ambition. I am also happy to announce we have a strategy and roadmap to net-zero emissions of CO₂-equivalents. We aim to reach net-zero emission on scope one and two by 2025 and scope three by 2030. To achieve these ambitious targets, contribute to UN SDGs and address

»We see stronger tailwinds in the markets and the ecosystems we operate in are moving in the right direction.«

our most material sustainability aspects, Tobii's focus areas in the coming years are to continue evolving the management of human capital, raise the level of our supply chain controls and audits, and reduce our products' environmental life cycle costs.

Geopolitics and pandemic induced challenges

Over the past few years, we have seen challenging geopolitical trends emerging like tariffs, regulations, and most notably, the recent war in Ukraine. At Tobii, we believe being a force for good is crucial, and war is the antithesis of our ideas and beliefs. We are strongly against the devastating war in Ukraine and attacks on its people. While the war and sanctions do not directly impact revenue on Tobii, it is a situation affecting us deeply because we have colleagues in and from Ukraine. We are providing our full support to our colleagues in Ukraine. The uncertainty caused by Covid-19 also remains high, and combined with the other factors, renewed challenges have flared for our supply chain and customers.

Direction ahead

Despite these external factors, we have a lot of confidence in our ability to execute strongly during 2022. Tobii is entering a new phase, where increased market adoption and intensified sales and marketing efforts will drive stronger than historical growth. With the progress of our business and its underlying industries, we are also increasing our M&A ambitions. Our business momentum is strong, and we are looking forward to delivering on our ambition to build a global powerhouse in attention computing.

Anand Srivatsa
CEO

2021 in review

Despite the challenges with the COVID-19 pandemic, we made solid progress during the year. Here is a glance of some of these events.

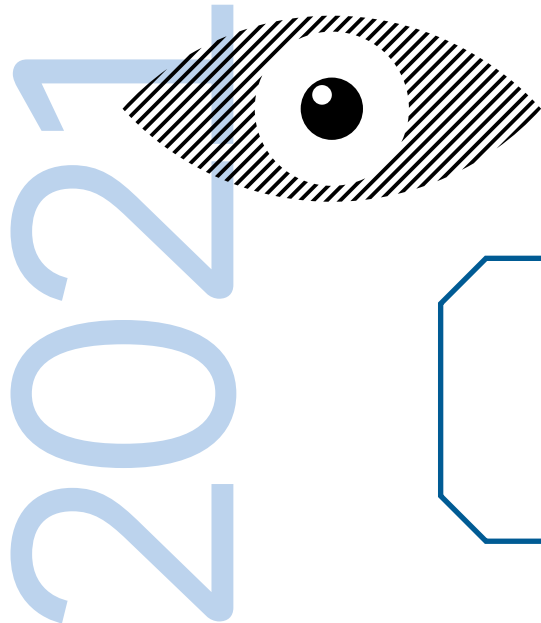


Anand Srivatsa was named our new CEO. Previously he was the division CEO of Tobii Tech. Anand has two decades of experience from high tech and senior leadership.

Business divisions were consolidated by uniting Tobii Pro and Tobii Tech. The new alignment will sharpen focus, increase efficiency and accelerate R&D.

Phasya

To enhance its offering in automotive and other verticals Tobii acquired Phasya, an innovative provider of software for monitoring physiological and cognitive states that influence human behavior.



Tobii announced its entry into mass market automotive integrations with the release of its Driver Monitoring System, Tobii DMS, the acquisition of Phasya, and several new partnerships.



In collaboration with Tobii and Apple, Tobii Dynavox unveiled TD Pilot, a powerful, medically certified communication device for people with disabilities. TD Pilot brings Tobii's world-leading eye tracking technology to iPad, enabling people to control the device with their eyes.



Tobii announced that its subsidiary, Tobii Dynavox, entered into an agreement to acquire all the shares in the Belgian company Acapela Group, a worldwide provider of digital voices and AI-powered speech synthesis software. In conjunction with this Tobii also raised SEK 300m to fund recent acquisitions.

During the year, Tobii signed 24 design wins and specifically in the XR segment, a marked increase in activity was visible with unprecedented interest in our solutions. Examples of this progress include design wins for the HP Reverb G2 Omniconcept Edition, Pimax and Pico Neo 3 Eye.



Tobii Pro Glasses 3 won two prestigious design awards. Together with McKinsey Design, our partner for the design phase, we won the Red Dot Award: Product Design 2021 and the iF Design Award.



VRSS2

Through a partnership with NVIDIA, we enabled enhanced VR image quality in NVIDIA's new VRSS 2. This part of our technology powers the NVIDIA driver with the latest eye tracking information. It uses minimal latency to control the super-sampled region of the render frame, enhancing image quality based on where the user is looking.

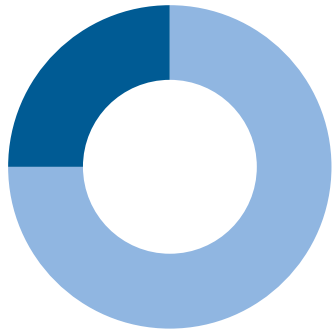
At SIGGRAPH 2021, we introduced Tobii Spotlight for Foveated Transport. Tobii Spotlight foveated gaze stream and a proof-of-concept foveation codec, aligning computing power with the human visual system to optimize display technology and enable greater visual clarity. It reduces bandwidth requirements and latency in the graphics rendering pipeline over 5G, Wi-Fi, and cable in split-rendering systems.



On December 9, 2021, a major milestone for Tobii was achieved as Tobii Dynavox was listed as a fully stand alone entity on the Nasdaq Stockholm.

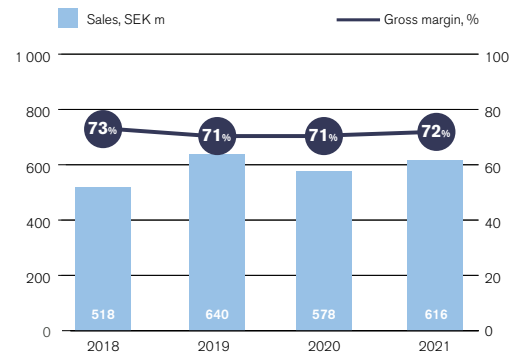
2021 in review

Sales per segment



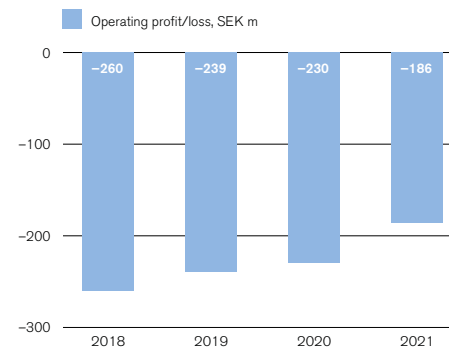
- Products & Solutions 75 % (SEK 459m)
- Integrations 25 % (SEK 157m)

Sales and gross margin



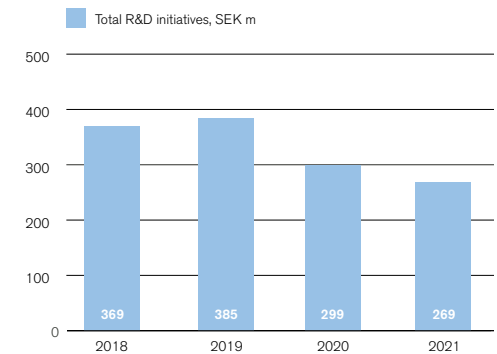
Revenue for the full year 2021 was SEK 616 million (578), corresponding to organic growth of 12 %, driven by our Products & Solutions business. The pandemic and global supply chain disruptions continued to have a dampening effect on sales across the Group. The gross margin increased slightly to 72% (71%), driven by an increased share of software-related revenues.

Operating profit/loss (EBIT)



The operating result improved to SEK -186 million (-230) and the operating margin improved to -30% (-40%), showing solid progress towards our target of reaching profitability in 2023. The improvement was driven by a return to organic growth, improving gross margin and solid cost control.

Research and development



Our R&D expenses continued down somewhat which reflects cost reductions initiated as a result of the pandemic in 2020.



02

Our business

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Five trends benefiting us

Five trends that we are poised and ready to take advantage of in 2022 and beyond.



Incorporation of AI and handling of personal data

Deep machine learning and computer vision give us a new understanding of human behavior. Many companies are making large investments in developing increasingly sophisticated AI solutions. We already encounter smart speakers, cars that almost drive themselves, voice recognition, and digital assistants like Alexa, Google Assistant, and Siri in our everyday lives. As the trend for incorporating AI into more products moves forward, as does the storing and potentially transferring of personal data. Therefore, developing deep learning technologies must always be considered in conjunction with privacy and transparency.

We believe eye tracking and attention computing will be a key enabler for a broad range of artificial intelligence solutions in several devices in the future. Therefore, we also proactively address the challenges by having a strong Data Transparency Policy in place. It applies to our products and solutions and to customers who have integrated our technology into their solutions. By taking the fear of losing control over personal data very seriously, we are paving the way to build trust for our world-leading technologies.



Natural interaction with technology

Over the past decades, more natural user interfaces have become the norm. The way we interact with technology has developed steadily, with simple and intuitive touch screens controlling most of our lives. Now, a seismic shift seems ready to occur as the metaverse brings AR and VR into our everyday devices. The more our devices cater to our natural human ways to interact, the more intuitive, effortless, immersive, efficient, and fun our technology becomes.

Eye tracking is naturally another step in this development. We use our eyes unconsciously, so leveraging eye movement with technology is one of the most seamless ways to interact with smart devices. The technology enables products to determine when the user is present, what we pay attention to, our interests, and ultimately, our intent. As a result, the products can better understand what we want to see, know and do, and react more naturally. Then users will perceive the products as simpler and more pleasant to use.



The battle for our attention

The concept “attention economy” was coined in the nineties and assumes time and attention are the primary limited resources in this modern, digitized world where our basic needs are met, and we have free access to unlimited information. The companies that best capture the attention of their customers 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 becoming less valuable as measures of what we pay attention to.

Tobii 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 has served more than 2,500 academic and over 3,500 enterprise customers who have understood the potential of eye tracking.



Digitalization of healthcare and education

Virtual and hybrid solutions to education and healthcare have been thrust into the spotlight during the Covid-19 pandemic, where the benefits have become abundantly clear. Technology can allow more people to access information and medical care faster than previously possible. The benefit of this trend means it will continue to grow beyond the pandemic. Solutions allowing medical professionals and educators to capture quantifiable data will be an important factor in the future. Healthcare providers will be able to conduct a more complex diagnosis while being remote. And teachers could understand and monitor attention and reading proficiency, creating more effective remote teaching experiences.

Tobii is well-anchored in this trend as we have several customers using our technology to digitalize and enable better remote healthcare and education across the globe. We continue to see a significant business opportunity here, with eye tracking playing an important role in enabling natural user interfaces, better performance, and deep insight into user behavior.



Rapid evolution of gaming and the metaverse

Gaming is a fast-growing part of the entertainment industry, evolving at a staggering pace. The hardware and software used for gaming are advancing to produce life-like gaming experiences. Attention computing technology is at the forefront of these advances, allowing for the immersive experiences consumers demand from video games and entertainment. Adjacent to the gaming evolutions, the merge of social, gaming, remote and on-site, real life and digital, augmented reality and virtual reality, has spawned the enormous movement of the metaverse.

Through its PC products and XR integrations, Tobii’s attention computing technology capitalizes on this trend by enabling progress in VR/AR and PC through improved social interaction, graphics performance, and additional input methods.

Markets

The usage for attention computing is vast and growing every year. We have identified six focus areas fitting our growth strategy and are ready to adopt attention computing technology on a wide scale.

Behavioral studies and research

- Over 3,500 enterprise customers use our eye tracking solutions to understand and optimize customer experience.
- Over 2,500 academic research institutions use our products to get insights into human behavior and 99 of the world's 100 top-ranked universities are Tobii customers.



Extended reality

- Eye tracking brings significant enhancements to virtual reality and augmented reality (VR/AR) devices.
- Our core technology is already integrated into VR and AR headsets.
- Eye tracking is expected to reach mass adoption and become a standard in VR, AR, and MR headsets over the coming few years.



Healthcare

- The adoption of eye tracking by the healthcare industry has given rise to innovative data-driven medical solutions, which deliver new insights for the detection and treatment of diseases.
- The ability to measure eye movements has shown to be beneficial detecting and treating traumatic brain injuries, diseases like Alzheimer's and Parkinson's, and learning disabilities like dyslexia.
- The small form factor of our sensor technology allows it to be embedded into many types of devices, such as surgical robots and x-ray machines.



Education and training

- By incorporating eye tracking into education and assessment processes, it is possible to see in real-time what someone is looking at and provide immediate feedback. This can be applied in many education scenarios, from sports to surgical training.
- Enterprises across a wide field of industries, emergency workers, law enforcement and even professional sports teams started implementing eye tracking as a key tool to transfer tacit knowledge from top operators, and develop optimized training programs for both new and experienced staff.
- Researchers use our professional solutions to progress the knowledge frontier in everything from reading development and learning processes in schools to sports and work task performance.



Gaming

- Eye tracking and attention computing make gaming a more immersive experience.
- Game studios have already integrated our attention signals into more than 100 games.
- Our core technology is deployed in hundreds of games and integrated in many of the latest gaming laptops.
- Adoption of our gaming solutions is increasing rapidly, and a strong consumer pull has started to emerge with the gaming community asking studios to support our solutions.



Automotive

- Attention computing delivers critical value to manufacturers, automotive suppliers, and research institutes throughout the vehicle lifecycle — from research, UX/design and production to buyer and driver experiences.
- It enables researchers to understand driving behavior and improves everything from traffic safety to the automotive manufacturing process.
- Driver monitoring systems (DMS) assess the driver's ability by evaluating the level of distraction, drowsiness, stress, cognitive load, and more.
- New regulations and standards at the EU level will make DMS mandatory in all cars, which will drive market adoption and innovation, reaching mass-market volumes in 2025-2026.



New Tobii

What has changed and how it is shaping our future?

SIX KEY FOCUS AREAS

- Behavioral studies and research
- Extended reality (XR)
- Healthcare
- Education and training
- Gaming
- Automotive

Since our inception 20 years ago, we have created three strong divisions: Tobii Dynavox, Tobii Pro, and Tobii Tech. Each of these businesses grew to become established world leaders in their respective markets. Tobii Dynavox's business and mission increasingly grew apart from the rest of Tobii. While Tobii Tech and Tobii Pro have seen an increasing overlap and synergies between the businesses. In 2021, we spun off Tobii Dynavox, and integrated Tobii Tech and Tobii Pro into one Tobii, giving rise to two more focused and distinct companies. This has the potential to further accelerate the long-term growth and success of both entities, and create substantial shareholder value.

As the new Tobii, we are now the technology leader in eye tracking and attention computing for volume markets (computers, gaming products, VR, and AR) and for behavioral studies and research.

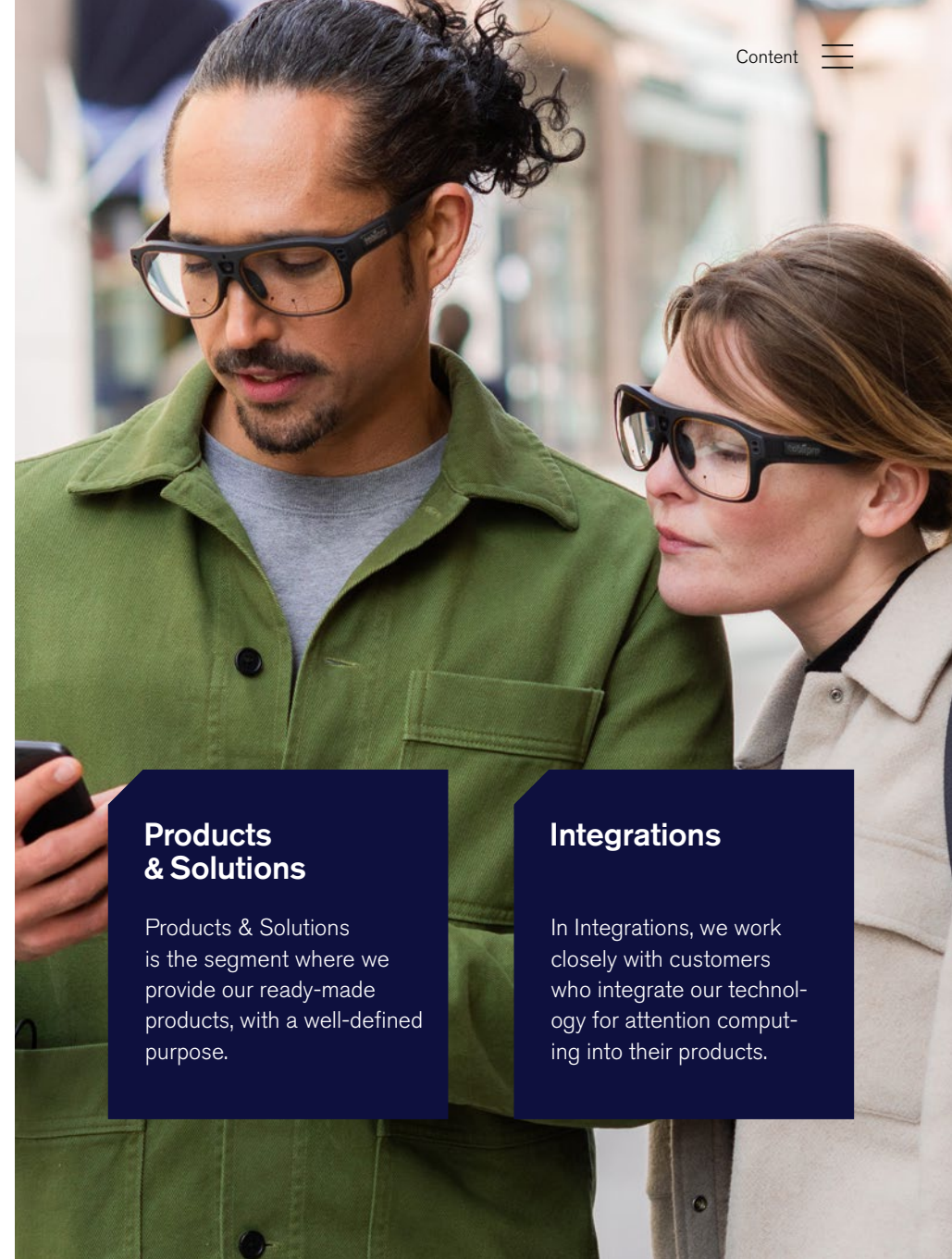
With the spin off of Tobii Dynavox and the integration of Tobii Pro and Tobii Tech, we are more focused. We are developing solutions to

satisfy the needs of increasingly tech-savvy markets. We offer value to customers through two segments, named *Products & Solutions* and *Integrations*. While Products & Solutions is the segment where we provide our ready-made products, with a well-defined purpose. Integrations is the segment in which we work closely with customers who integrate our technology for attention computing into their products.

We are now focused on developing six key focus areas: behavioral studies and research, extended reality, healthcare, education and training, gaming, as well as automotive.

Our technology has a positive impact on society and our business practices strengthen the impact of our products. We are renewing the commitment to responsible and sustainable business goals.

We are primed and ready for a new phase, where increased market adoption and a step-up of our sales and marketing efforts are expected to drive stronger organic growth.



Products & Solutions

Products & Solutions is the segment where we provide our ready-made products, with a well-defined purpose.

Integrations

In Integrations, we work closely with customers who integrate our technology for attention computing into their products.

Segments

Products & Solutions

75%

Share of the group's total revenue

72%

Gross margin

459

Revenue, SEK million

We serve B2B customers and consumers with a portfolio of eye tracking solutions including hardware, software, and services.

Hardware

Our suite of world-leading eye tracking hardware includes the Tobii Pro Glasses 3, research-grade and screen-based eye trackers

such as Pro Spectrum and Pro Fusion, and the gaming eye tracker Tobii Eye Tracker 5.

Software and services

In addition to hardware, we offer a growing range of application software and services leveraging the power of attention computing. The comprehensive analytics software Tobii Pro Lab facilitates the design, data collection, and analysis of eye tracking data for a broad array of studies. Sticky is an eye tracking

software used by enterprise customers to cost-effectively gain deep and objective consumer insights. Tobii Pro Insight services provide research services directly to enterprise customers.

Through our products, solutions, and services, we have developed deep customer relationships. Everything is built with a passion for innovation and commitment to realize all the benefits enabled by attention computing.



Examples of use

Gaming Our products contribute to an improved gaming experience through better control, a more immersive experience, increased realism, and greater intensity in many different types of games.

Advertisement Companies use our solutions to better understand how consumer attention changes when they interact with advertisements, websites, and brick-and-mortar stores. This data allows for optimization on advertising spend and conversion rates, among other areas.

Research Thousands of enterprises and institutions, including 99 of the top 100 universities, use our gold-standard research instruments and software for behavioral research and studies, pushing the knowledge frontier in fields like psychology, linguistics, and neuroscience.

Direction ahead

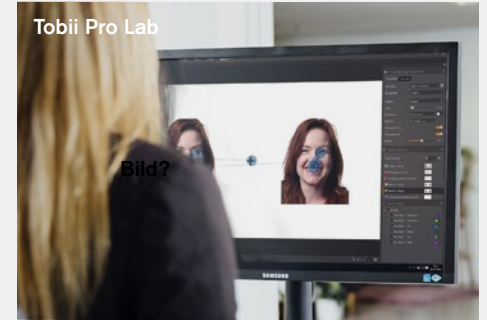
The core focus for Product & Solutions in the coming years will be to relentlessly continue to innovate and evolve our products to serve the needs of our prioritized customer segments. However, the general public lacks awareness of our solutions. Expansion of our sales and marketing channels is therefore another core focus for us in the coming years. We will also complement and broaden our portfolio with additional products and solutions.



Tobii Pro Glasses 3



Tobii Pro Lab



Sticky by Tobii



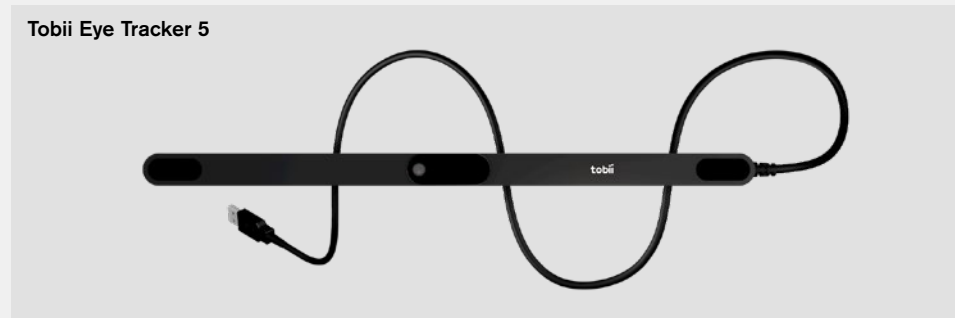
Tobii Pro Spectrum



Tobii Pro Fusion



Tobii Eye Tracker 5

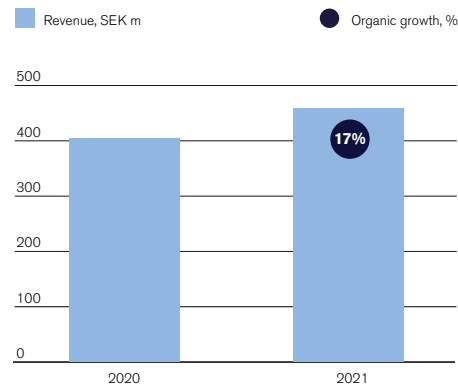


Tobii Pro Nano



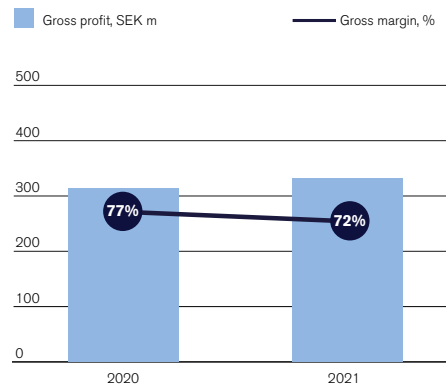
Productions & Solutions | Financial performance

Revenue and organic growth



Revenue increased to SEK 459 million (405), corresponding to organic growth of 17 %. The growth was mainly driven by demand returning for our scientific research products.

Gross profit and gross margin



The gross margin decreased to 72% (77%) due to a change in product mix.



Tobii Pro Glasses 3 delivers robust eye tracking and accurate gaze data while giving users the freedom to move and interact naturally.

Segments

Integrations

25%

Share of group's total revenue

71%

Gross margin

157

Revenue, SEK million

Our Integration segment provides Tobii's attention computing technology and services to original equipment manufacturers (OEMs).

Our array of OEM integration products, including algorithms, software, hardware components, system reference designs and IP-licenses, allows us to provide tailored solutions to address industry-specific problems.

Standardised integrations

The integration platforms have a modular design, unique sensor technology, patented algorithms, and image processing, and it includes both software and hardware components. For example, the Tobii IS-5 platform is compact and optimized for power consumption, high performance, and low cost.

Customized integrations

We also offer customized integrations to match highly-specific requirements. In these cases, customers choose to buy different combinations of system designs, eye tracking modules, patented algorithms, and specific hardware components. The broad set of our offerings allows for flexibility and makes us an attractive supplier for many customers.

These integration platforms are deployed in a range of devices, from gaming laptops and medical assessment tools to virtual reality headsets.



Tobii Pro Fusion is a compact, high performance eye tracker which researchers can bring to various locations and test subjects, making it easy to collect data.

- In education, our eye tracking products for reading comprehension allows students to work from personalized education plans and gives them a better chance at succeeding in school.
- In healthcare, our technology allows early detection of illnesses so that we can alert users to seek medical intervention to prevent the onset of serious disease, saving lives and democratizing healthcare.
- In automotive, our Driver Monitoring-Systems save lives by delivering real-time feedback on driver state, such as drowsiness and distraction,

making ensuring the car can perceive if the driver is fit for driving.

- In VR- and AR-headsets, eye tracking is quickly becoming an essential component, enabling improved user interaction, performance of the device itself, and delivering useful insights for developers and users.

Metaverse

Most of the world's largest tech companies launched platforms or products focusing on the metaverse. This demonstrates it is the next big leap in the tech world. For us, the possibilities

of the metaverse are likely to accelerate the continued adoption of attention computing in VR and AR. Few have missed the hype around the metaverse. In its wake, we are experiencing unprecedented interest in our XR solutions, and our integration team is progressing deeply with multiple key accounts.

Direction ahead

The Integrations segment is currently in a heavy investment and commercialization phase. While some application areas are still in early stages, others have already begun to scale revenue or are expected to turn revenues imminently. This includes our products for PC and VR, where we have secured a world-leading position. We also expect to see initial commercial success from our investments in the Automotive segment, where we are coming from a challenger position.

Our core focus in the Integrations segment is to drive the commercialization of our solutions and secure strong positions in the respective domains. We will continue to invest in innovation and expansion around our core capabilities to further strengthen our position.

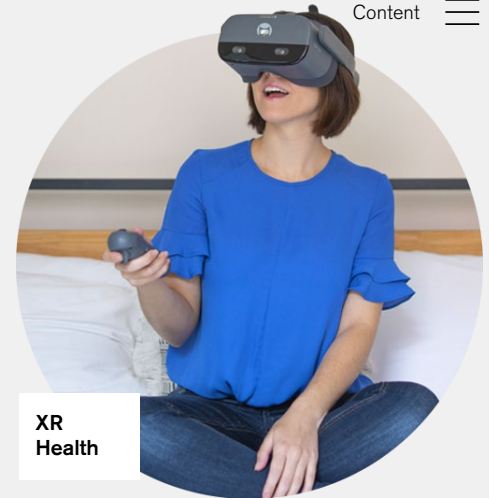
To continue to accelerate the adoption, add fuel to the proliferation of attention computing, and expand our ability to drive a large plethora of integration projects, we have a set of key focus areas within our R&D efforts. We strive to make our technology even easier to integrate, our solutions smaller, and more cost and power efficient.

Integrations

Components	System designs
Platforms	Algorithms
IP licensing	Software

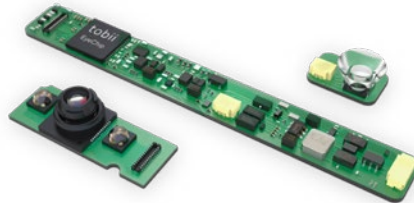


Acer
Veriton Z



XR
Health

IS5 platform & Tobii EyeChip



Pimax high-end consumer headset



Lenovo Legion 7

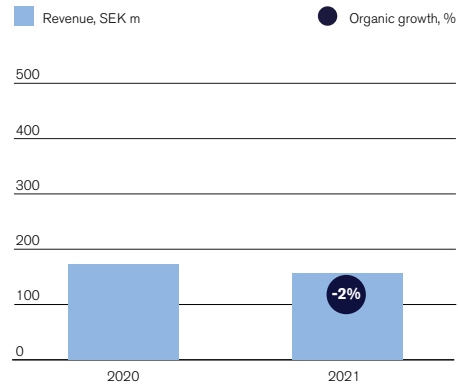


HP Reverb G2 Omnicept Edition



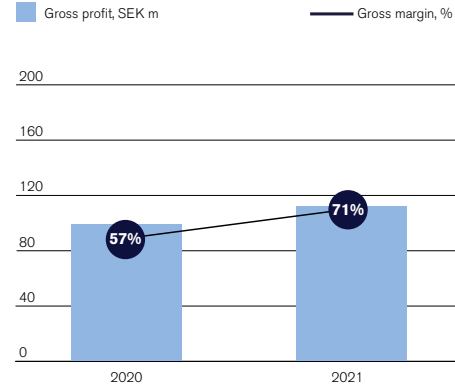
Integrations | Financial performance

Revenue and organic growth



Revenue reached SEK 157 million (173), corresponding to an organic decline of 2 %, resulting from a mix-shift from Tobii Integration Platform IS5 to Tobii Aware and Tobii Horizon integrations, several delayed customer projects, and supply chain disruptions for some of our customers.

Gross profit and gross margins



The gross margin increased to 71 % (57 %), explained by a higher share of software-related revenues.



Among older children and adolescents, researchers study cognitive processes like executive function and social interaction. Due to the more portable, lightweight design of today's eye tracking systems, these studies can now be carried out in real-world environments.

Strategy

How we will achieve our goals.

Tobii's assessment is that a strategy emphasizing growth is the most value-creating strategy long-term. We are committed to achieve this without compromising our ethical, responsible and sustainable ambitions. Investments are being made to position Tobii for capturing large growth opportunities in several verticals. We believe that profitability is achievable in the medium term with a sustained focus on investments for growth. Our strategy rests on three key pillars essential to our growth and expansion.



Pillar 1

Technology, innovation, and patent leadership

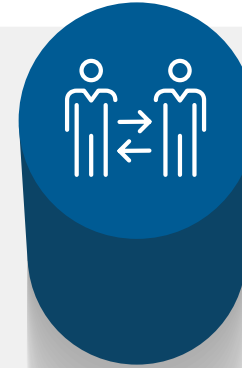
Tobii strives to offer innovative technology and products of high-quality, clearly different from competing solutions. A high pace of development in technology, intellectual property rights, new products, and business models focused on realizing clear customer benefits is crucial for Tobii to accelerate the adoption of attention computing, maintain its market-leading position, and be an attractive partner.



Pillar 2

Expand reach and improve customer intimacy

Tobii aims to further accelerate attention computing technology adoption and its growth by expanding its reach. Through an expansion of the sales and marketing efforts, and a decentralization of customer facing activities, Tobii will come closer to its customers. We believe that this will enable a faster and more responsive product development cycle, a stronger ability to capture early markets, stronger customer relationships, and the ability to assist our customers in achieving success.



Pillar 3

Leverage and strengthen platform with acquisitions

Tobii's platform has a multitude of valuable assets such as an innovative suite of products and solutions, strong brand and customer relations, a culture of innovation and performance, deep technology know-how, and expertise in extracting insights. To augment and leverage these assets, Tobii sees acquisitions as an important tool. Through this platform, Tobii also offers an attractive opportunity for young technology companies to succeed and scale faster. With Tobii rapidly approaching self-sustainable profitability levels, it is entering a new phase of its development which will include a clear ambition to increase M&A activity.

Sustainability strategy

Working with technology that has the potential to enrich the lives of many people, we are uniquely positioned to make a real difference through our solutions and the way we conduct business. Our sustainability strategy is an integral part of our business and clarifies our commitments, focuses our efforts, and improves communication. We see sustainability from the following two strategic perspectives.

SOLUTIONS FOR A BETTER FUTURE AND A FORCE FOR GOOD

Our technology empowers people. By integrating eye tracking into medical equipment, it has the power to improve the assessment and treatment of health issues. Used as a research tool, it can help scientists and researchers to better understand human behavior. Also, our technology drives inclusion and accessibility by empowering people with disabilities with a voice and is a strong catalyst for inventing new products and services. These are just a few examples of the possibilities ahead for us to help individuals and drive innovation around the globe. From improved energy efficiency and reduced resource consumption to inclusion and accessibility, healthcare innovations, and safer cars, our solutions have a real potential to make the world a better place.

It is of great importance for us to be a responsible technology provider. We truly believe eye tracking data must be handled in a transparent and responsible way to protect the personal integrity. Therefore, we are obliged to set clear examples and mandate and encourage positive and secure use of our eye tracking technology. As a vital part of earning the trust of eye tracking users, we have developed the Tobii Eye Tracking Data Transparency Policy as a guide to how to handle these critical issues in a responsible way.

THE WAY WE RUN OUR BUSINESS

We are committed to being a sustainable employer acting with environmental responsibility and conducting business with the highest ethical standard. Therefore, we have built our approach around three related areas:

- **Sustainable employer:** Our employees' commitment and innovative strength are our most important resources for building tomorrow's Tobii and achieving our goals. Therefore, we offer a dynamic and healthy workplace characterized by generous learning and development opportunities together with inclusiveness and diversity. As a Tobiiian, you get the opportunity to make a real difference through the positive purpose of our technology and its contribution to a sustainable society.
- **Environmental responsibility:** We strive to reduce our own climate and environmental footprint from our products and our business, improve procedures on material choices and reduce climate-related risks within our value chain. The approach we have taken to accomplish this is to account for all our corporate and product related carbon emissions. We then ideate and integrate environmental-focused design in our products and operations. Our goal in this direction is to become carbon neutral on the corporate level by 2025 for scope 1 and 2 emissions and become carbon neutral by 2030 for the remaining categories in scope 3.
- **Ethical conduct:** We are committed to securing the highest standard of business ethics and compliance within our own business and our entire supply chain.



»Our goal is to become carbon neutral at the corporate level by 2025 for scope 1 and 2 emissions and become carbon neutral by 2030 for the remaining categories in scope 3.«

SOLUTIONS FOR A BETTER FUTURE AND A FORCE FOR GOOD

- Enable thousands of researchers with great eye trackers to push the frontier of science.
- Improve world health by enabling research leading to improved diagnostics and treatment in a range of conditions.
- Empower individuals with special needs to communicate by supplying great eye tracking tech.
- Improve world health and education by enabling innovation in dozens of assessments, diagnostics, and treatment applications.
- Reduce fatalities in road accidents with leading technology for driver monitoring.
- Ensure we and our partners adhere to our policy for Eye Tracking Data Transparency.
- Restrict use-cases for Defense & Law Enforcement.

THE WAY WE RUN OUR BUSINESS

Be a sustainable employer

- Foster a strong company and leadership culture encouraging Tobiians to participate, collaborate, develop and thrive.
- Ensure a truly diverse and inclusive workplace.
- Nurture a learning culture and provide strong opportunities for learning, development, and innovation.
- Promote work/life balance and good mental health.

Environmental responsibility

- Target to be carbon neutral in Tobii globally for Scope 1 and 2 by 2025, and for scope 3 by 2030.
- Build resource efficiency in products and operations.

Ethical conduct

- Ensure our suppliers and we conduct business to high ethical standards.

Ways of working

- Make our customers successful with our products, solutions, and services.
- Provide the most consistent and correct level of quality.
- Have management systems and work methods to enable continuous improvements in everything we do.

Connection to UN SDG:s



Value creation

We are deliberate in providing value to customers and society. We constantly innovate and develop to fulfill our purpose and create sustainable value for our stakeholders in the following critical areas.

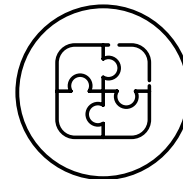


Infant and child researchers use eye tracking to study perceptual, cognitive, and social emotional development from birth through early adulthood.

1.

Products benefiting the society and individuals

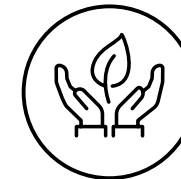
By driving the development of leading technologies and products, we enable innovation in a range of applications and application areas. Our products improve quality of life and contribute to a safer and more inclusive world in several ways. They facilitate communication for those with difficulties, offer better educational opportunities, promote research progress, reduce health care costs brought about by earlier and faster disease diagnosis, provide simpler and quicker medical treatments, make hardware more power efficient, improve entertainment options, and increase productivity. We are constantly discovering new ways to support individuals, businesses, and society at large.



2.

Sustainable business with a positive impact

We are the world-leading supplier of rapidly-expanding technology. This allows us to identify new and beneficial applications for our products. We influence and create value among suppliers, customers, partners, employees, and society through our responsible and sustainable business practices. In 2021, we intensified our sustainability efforts and strengthened our sustainability strategy. We strive to minimize impacts throughout the supply chain and maximize societal and environmental benefits and value creation. Further, we support the ten principles of the UN Global Compact (UNGC).



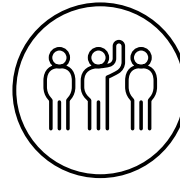


NovaSight combines advanced eye tracking and sophisticated artificial intelligence to treat amblyopia, a vision disorder commonly known as lazy eye, which is the leading cause of vision loss in children.

3.

World-class workplace

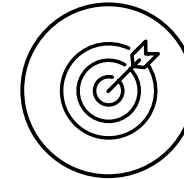
Being a fantastic employer is essential to our long-term competitiveness. We encourage contribution and leadership throughout our team, which yields innovative and high-quality products, services, and operations. It also contributes to high productivity and job satisfaction. Our diverse, open, and inclusive corporate culture benefits not only employees but also our shareholders and society at large.



4.

Business to generate shareholder value

Last but not least, we create significant shareholder value by building strong market positions and generating solid growth. We estimate the total addressable market for eye tracking related applications alone to ultimately exceed one billion units per year. Our comprehensive solutions, based on our core technology, increase the strength of our position and amplify our potential value.



Data transparency, privacy, and protection

Our standard for managing data is high and evolving.

As a tech company with the ability to collect user data via attention computing, we believe strongly in user data protection. We address this through three separate initiatives: transparency, privacy, and protection.

Transparency

- For eye tracking data, we firmly and rigorously subscribe to the principles of transparency and active user acceptance. When software intends to store or transfer eye tracking data, it shall present the user with clear, simple, and easy-to-understand information about what is happening, for what purpose and provide a choice to accept or reject it. We also believe software should have a visual indicator to show when eye tracking information is stored or transferred.
- We are implementing these principles under a Responsible AI initiative we call Tobii Eye Tracking Data Transparency Policy. We apply it in our products, and we require software partners to adhere to the policy. In addition, we are constantly reaching out to our customers, partners, and trade organizations to further implement and discuss this policy.

Privacy

- Across our company, our routines and procedures are compliant with the General Data Protection Regulation (GDPR).
- We have appointed a data protection officer to be responsible for administering the program and answering questions related to it.
- The Tobii Data Privacy Policy, updated in 2020 to comply with the California Consumer Privacy Act (CCPA), mandates how we handle personal data.



- Employees are required to report suspected data security breaches to a group of our legal and IT experts. This group evaluates the situation and escalates issues as needed.
- Data privacy training is a part of new employee onboarding, and all employees and consultants handling European personal data must participate in an e-learning course.

Protection

- We have an information security risk management policy in place, and in 2020, we began implementing an information security management system compliant with ISO 27001.
- All employees and consultants now participate in global awareness training for information security. Our focus in 2022 will be on developing and implementing the system and controls.

»At Tobii, we will never use data in a way that is legal but fails to meet our high standards for integrity and customer satisfaction.«

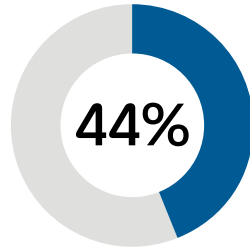
An employer making a difference

Tobiians make Tobii

We have become the established global leader in eye tracking and pioneer of attention computing thanks to our amazing people — the Tobiians. Our team's brilliant and inventive minds, coupled with their relentless drive, fuel our exciting growth and expansion into new markets. Our work environment promotes wellbeing, enthusiasm for our brand and vision, and the freedom to apply skills to innovation and development.

Working together to make the world a better place

We are a company with heart and soul, shared by all Tobiians who work to make the world a better place, from large projects for the greater good—such as advancing healthcare—to everyday collaboration and teamwork. To have a global impact, we must start by looking inward and ensure our Tobiians feel valued, stimulated, and are enthusiastic about being part of us. We strive to provide a work environment that reduces stress and promotes wellbeing. Our people embody what we at Tobii highly prioritize; fairness, ethics, and sustainability.



Share of women among Tobiians



50+ nationalities in our head office in Stockholm



Creativity and learning fuel our innovations

Tobiians thrive on creativity. We relish maker nights, hackathons, lunch and learns, workshops, and new feature demo sessions, as well as the thrill and spontaneity of coming up with new ideas and capturing inspiration when it strikes. Creative minds require constant stimuli and input. This is part of daily life at our company where colleagues can rotate among projects which stimulates transfer of ideas and knowledge.

Professional development for individual success

We have a structured process to help us identify, address, and follow up on the various training needs we have. Part of this is our learning platform, TobiiUni, where we offer tailored training to all levels of the organization. To ensure we are a top-performing employer and attract the best talent, we put a high focus on recruiting, retaining, and developing strong managers with exceptional leadership capabilities. Therefore, succession planning is vital for us, and our Strategic Leadership Program allows us to form long-term development programs for a variety of skill set needs and prerequisites. If relevant for the line of work, we support and provide flexibility for employees across the entire organization to pursue further education and certifications. In the US specifically, we also offer support by paying USD 6,000 in tuition fees. Every year we also support 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. Our teams are diverse and more than 50 different nationalities are represented in our head office alone. We believe

our differences strengthen us, knowing talent does not come in one shape or form. Our vision that is every Tobiiian should be able to go to work knowing they will be treated, and be treated equally by others, regardless of gender, age, ethnicity, sexual orientation, transgender identity or expression, disability, religion, or other belief. The diversity and inclusion teams are currently running a variety of activities such as Ally Skills Workshops, Bias Free Recruitment training, mentorship programs and LGBTQIA+ networks.

All employees agree to follow the Diversity & Inclusion Policy by agreeing to our Code of Conduct and are informed of how to report discriminatory or bias related incidents. We also have a locally adapted Work Environment Policy for cases involving work safety, bullying, victimization, or sexual harassment to make sure everyone is updated on our policies and nobody is left out. At the same time, we continuously work towards equal representation amongst functions and managers. For example, the representation of women in the workforce was 44% (2019: 43 %) at the end of 2021.

Wellness and fun at work

Creating a supportive, healthy, fun, and engaging workplace is a continuing priority. Tobiians strive to understand one another and make decisions democratically. We equally value honesty and openness when reporting issues and problems. You can always speak your mind at Tobii and we have outlined a detailed whistleblower policy to empower our employees to speak up and ensure their safety and protection. In Sweden, you must work systematically with Occupational Health and Safety by law, and we are proud to go beyond our legal obligations. We are continuously investigating, carrying out, and following up on activities to prevent health issues and



»Creating a supportive, healthy, fun, and engaging workplace is a continuing priority for us.«

accidents at work. We've assessed and now fully support a sustainable working environment for all employees working from home and in the office as well. Our event committee "Funtrackers" and our wellness initiative "Team Tobii" encourage employees' wellbeing. Over the past year, our yearly health check-ups were replaced by Covid-19 testing. In addition, we have a broad range of benefit schemes and programs across our company to support work-life balance and employee health. This includes medical, dental and vision insurance benefits, gym and recreation credits, and paid leave time.

Responsible business

Business integrity and ethical behavior are nonnegotiable to Tobii.

We are all connected by a technology ecosystem that can be used for good or for bad. As a company rooted in technology building the future of attention computing, our responsibility is to take a strong and public stand on what we believe is the right and ethical way to do business. It is the correct thing to do, but it also serves our best interests. Data privacy and sustainability must be a priority in tech. At Tobii, we will establish a North Star on how to conduct ethical business and build trust in technology. We are committed to working with more strategic partners in the coming years. One of the key decisive factors regarding which suppliers we work with is whether they commit to our code of conduct.

At a high level, we are committed to making the world a better place through our products and through the way we conduct business. We have dedicated ourselves to producing technologies that can make the world a better place and improve the long-term prospects for our planet. As such, we are 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 we have aligned our policies accordingly. The SVP Operations is responsible for our supply chain management performance and development.

ISO14001

Our environmental management system (ISO14001) was implemented in 2018 and certified through an external and independent agency.

Environmental responsibility

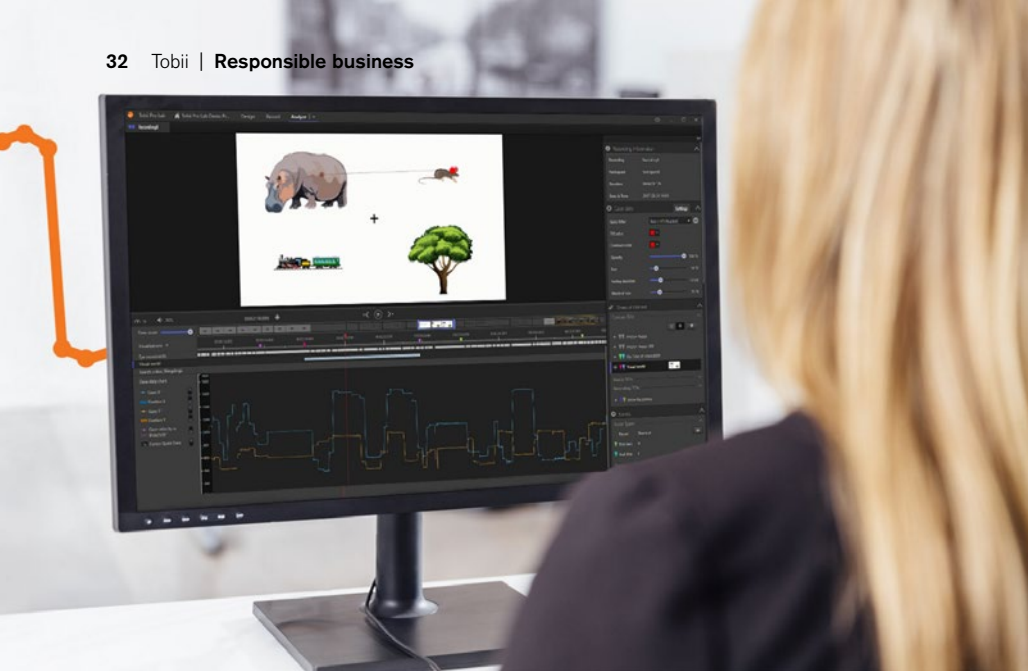
At Tobii, we recognize the challenges and risks linked to climate change and its potential effects on the environment. We, therefore, strive to reduce our own climate footprint and run our business in an environmentally sustainable way. Our environmental management system (ISO14001) was implemented in 2018 and certified through an external and independent agency. The environmental performance is reported to our management teams and the system is continuously improved and a company-wide environmental policy is in place. Our most significant impact is related to the transportation of products and business travels connected to our Stockholm operations.

Product design and lifecycle management

We are committed to reducing the environmental impact of our products throughout their lifecycle, from manufacturing to use and disposal. As a result, we built the required competence in ecodesign and product lifecycle management in 2021 to meet our long-term objectives in this direction. Materials play a major role in how users perceive our products. When choosing materials, we aim to improve the user experience, the lifetime and usability of the product, as well as minimize the environmental impact and improve our material efficiency. The choice of materials is defined in the early phase of product design and development. We comply with the regulations for consumer electronics in the European Union and on relevant markets and use 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 our users are dependent on our products, so we strive for the highest product safety possible. Our management systems ensure we meet customer requirements, have efficient processes,



»At a high level, we are committed to making the world a better place through our products and through the way we conduct business.«



and monitor and improve the environmental aspects. We are a member of various compliance schemes for collecting, recycling and reusing 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 recycling. Customers can return products to our Stockholm office if they wish to dispose them in our system. At this office, we sort and recycle product waste, including electronic waste, and follow up on the recycling data. We encourage circularity of materials and prolonged use of products by adopting a rental business model for some of our products, where customers have an option to rent the products and then return them to us. These products go through the production flow to ensure quality is not compromised before entering the next rental cycle.

Tobii Pro Lab is an eye tracking software for studying human behavior. The flexible platform guides and supports the researcher through the entire research workflow, from simple to complex experiments.

CO₂ emission and energy consumption

As part of our environmental management system, we annually analyze and follow up on our environmental impact. In 2021, we applied GHG protocol principles to facilitate the inclusion of all subsidiaries into our sustainability initiatives. For our Stockholm operations, this is very closely tied to the ISO 14001 requirements. The organization boundary for the assessment year 2021 was in Stockholm. The operational boundary included scope 1 and 2 emissions and partly scope 3 emissions such as business travel, employee commute, and transportation of products. In the long run, we aim to include all the subsidiaries where we have financial control over into the evaluation. For 2021, 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 substantially decreased in 2021 compared to 2019 and 2020. While we believe this is a temporary effect due to the pandemic, we continue to actively work to reduce our emissions and have relevant policies in place to work in this direction.

In 2021, we changed the default choice of our deliveries from air to truck service within the European Union and changed to only conduct road transports within Sweden (domestic transportation). However, for the year 2021, 36% of the shipments were done through ground transportation and 64% by air due to global supply chain challenges attributed to multiple reasons, including the Covid-19 pandemic. Although there is an 81% increase in the number of shipments compared to last year, the emission per shipment has been reduced from 17kg to 12 kg CO₂e. This is the result of improvements coming from the freight forwarders, which increased the efficiency and investments towards electric-based vehicles. Additionally, we have compensated for 86% of the total emissions associated with our shipments

to and from Stockholm in 2021, compared to 80% in 2020. Within the scope of our operational control, we are investigating the possibility of increasing the use of sea shipments for large and less time-critical shipments. We will also review the supply chain from a sustainable perspective and focus on shipments from China and the usage of our global hub in Sweden.

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 the office spaces controlled by the landlord through a green contract. We systematically monitor energy consumption and work to improve our energy efficiency. Due to the Covid-19 pandemic, we limited the capacity in the Stockholm office to 30%, which has reduced our energy consumption. To facilitate our long-term goal of becoming carbon neutral by 2030 and improve data monitoring, accuracy, and validation of our environmental aspects, we are implementing a digital tool for sustainability management in 2022.

Anti-corruption

Risks of bribery and corruption are tackled as part of the risk analysis conducted by the executive management team with the Board of Directors every year. Our Supplier Policy also stipulates zero tolerance of all forms of bribery, corruption, extortion, and embezzlement. The Tobii Board of Directors has approved an Anti-Corruption Policy which is an integral part of our Code of Business Conduct and Ethics.

To protect against illegal bribes given indirectly, we investigate the reputation and experience of Business Partners, such as prospective resellers, agents, and other representatives who will have contacts with government officials or others on behalf of us. The Business Partners must be informed of our anti-corruption policies and they have an obligation

»We strive to ensure our suppliers and subcontractors conduct business to the highest applicable standards regarding social, environmental and governance (ESG) and we have processes in place to ensure that they do.«



to comply with the general principles and prohibitions of these policies, including all applicable anti-bribery laws, when engaged in activities on behalf of us. 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 languages when necessary.

Supplier sustainability program

We are a global company with suppliers spread across different geographic areas. Most of our products' manufacturing and components are handled through suppliers. We have a high volume in Asia and a low-mid volume in Europe regarding direct supply chains. As a vital part of our sustainability work, we strive to ensure our suppliers and subcontractors conduct business to the highest applicable standards regarding social, environmental, and governance (ESG). We also have processes in place to ensure they comply. The supplier program stretches from the selection, qualification, periodic assessments of new suppliers and covers the full period of engagement of the contract period. We strive to engage suppliers in the long run and manage long-term relationships through specific governance plans set for each supplier. Suppliers are qualified based on the level of risks. Before engagement, they are vetted on social factors such as zero tolerance to child labor and forced labor, and benchmarked on environmental factors such as handling of hazardous waste and energy management. The standards and ESG requirements are clearly stated in the Supplier Code of Conduct, aiming to ensure all suppliers and their subcontractors assume environmental and ethical responsibility, that working conditions are safe and fair, and workers are treated with respect and dignity. Our Supplier Code of Conduct requires all suppliers to respect human rights in the spirit of internationally recognized standards, including the ILO Declaration



Gunnar Troili, our SVP of Engineering, holding a pair of Tobii Pro Glasses 3.

on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

Following our Supplier Code of Conduct, suppliers must continually adopt measures to ensure labor rights are respected. Our Code prohibits working weeks longer than 60 hours, except in emergencies or unusual situations. To secure fair working conditions, our Supplier Code of Conduct also stipulates workers' freedom to associate and the right to collectively organize themselves without any risk of retaliation. Two key environmental risk areas for our suppliers are energy consumption and waste management. The Supplier Code of conduct stipulates suppliers should continuously strive to reduce their environmental impact over time, specifically with respect to the use of materials, energy consumption, and manufacturing as well as all transport-related pollution through their environmental management systems. By signing the Code, suppliers ensure all business dealings are conducted with the highest ethical standards and to implement procedures to secure compliance with anti-corruption laws. In addition to direct suppliers, we have also broadened the scope to include suppliers of indirect material and services, since these constitute a significant part of the external spend. These suppliers and business partners are often located in Europe and in the US, with a lower risk profile in traditional labor right areas. However, we still believe it is critical to assess and secure their compliance with our high standards when it comes to ethics and the environment. While it is mandatory for all new suppliers to sign the Supplier Code of Conduct, we aim to continue improving confirmed adherence to this policy among the existing supplier base in 2022.

Our Supplier Code of Conduct includes a provision regarding the responsible purchasing of tantalum, tin, tungsten, and gold to ensure conflict minerals do not directly or indirectly finance or otherwise stem from controversial sources, favor

conflicts, or violates human rights. The Code further requires the suppliers to secure compliance in their respective supply chain. The program aims to improve the sustainability of our existing supplier base, and a lot of effort is directed towards improvements rather than terminating business relations. In 2021, no suppliers were phased out due to audit results. Tobii has had no essential issues or controversies regarding human rights in 2021.

Audit program driving continual improvements

Within our audit program, we conduct programs annually to indicate which suppliers need to be audited and when. The plans are based on mapping and risk assessment of suppliers. The evaluation incorporates geographical location (country risk analysis), industrial analysis (type of production), and the supplier's proportion of our purchasing.

Before entering partnerships with new suppliers, we always carry out an assessment that includes ISO 9001 and 14001 as criteria. Our employees always aim to visit the supplier and conduct an on-site assessment before embarking on a partnership. We audit both its in-house and sub-supplier supply chain using both internal and external resources. By working closely with suppliers and encouraging continuous improvement, we can indirectly address risks further down the supply chain. One such risk is the use of conflict minerals. For 2021, 83% (5 out of 6) of the planned audits were completed. The remaining audits have been moved to 2022 since the internal assessment reports have established continuous improvements to close the gaps identified in the previous audit cycle. Since the launch of the audit program in 2017, we have seen

a positive and progressive trend over time, with increased compliance with the code of conduct in supplier's supply chains, salaries in contracts, and freedom of association. When it comes to environmental performance, suppliers reported improvements in waste/hazardous substance handling, restricted materials management as well as established plans to reduce energy, waste, and water consumption.

As we execute our plan for rapid expansion, we must also take responsibility for our customers and the way they use our products. Our powerful technology can have many applications. As a result, we have adopted a strict policy for how our eye tracking can be sold and used within the defense sector. While this policy may limit us from pursuing potential business and customers, it is more important for us to ensure our technology is used to help rather than harm.

Key Events 2021

- Updated Tobii Supplier Code of Conduct to reflect Responsible business Alliance Code of Conduct version 7.0.
- Added competence for the audit program in China.
- Reduced our supplier base in high-risk areas.

Focus areas 2022

- Digitalization: Implementation of Supplier management solution. To ensure risk evaluation based on 3 country risk indices with regards to environment, social and corruption and also increase code of conduct coverage of exiting, long term suppliers.



Tobii Pro Spectrum is a high-performance research system with superior data quality, designed for extensive research in behavior and eye movements.

Q&A with Tobii's Chairman of the Board

What has characterized the board's work in 2021?

It has been an intense year where the spin-off of Tobii Dynavox, the appointment of a new CEO in Tobii, and the integration and reorganization of Tobii Tech and Tobii Pro took large parts of the board's agenda during the year. The board has been working intensely to assist both companies in putting strong governance structures, policies, and processes in place for both Tobii Dynavox and the new Tobii. In the new Tobii, the board has been engaged in assisting in designing, developing, and implementing the new organizational structure. These changes aim to maximize internal efficiency, accelerate product development and simplify customer journeys, thereby extracting synergies between the Tobii Pro and Tobii Tech organizations.

How has business developed in 2021?

2021 was an extraordinary year in the history of Tobii. We managed the direct and indirect effects of the Covid-19 pandemic, executed on two acquisitions, and culminated with the distribution and listing of Tobii Dynavox shares in December. All this was achieved while simultaneously succeeding in turning the business momentum around. I am impressed by the team's ability to execute well on all of this. Businesswise, the year started off slowly, with large parts of the business under pressure from both supply chain and Covid-19 disrupt-

tions. However, in the second half, the business returned to solid organic growth, and delivered currency-adjusted revenue above pre-pandemic levels, with strongly positive development and improvement of the bottom line.

What progress has Tobii made in its sustainability work?

Tobii sees its sustainability efforts in two main pillars. First, sustainability, a positive impact, and ensuring our technology is used for valuable purposes are built into Tobii's DNA since its solutions are inherently beneficial and contribute to the development of society. Secondly, we have a responsibility to continuously improve the way we run our business from an environmental, social, and ethical perspective. During the year, we have continued to mature the sustainability work around these pillars. Among many other things, we have emphasized the importance of sustainability. The board's commitment and engagement in these matters further by appointing board responsibility for the strategic initiative around sustainability. We also implemented a new and improved learning management system, updated and strengthened our policy framework, and completed a full EU taxonomy analysis of our business. Moreover, we have aligned on a strategy and roadmap to contribute to the race to net zero emissions of CO₂-equivalents. Our target is to reach net zero emission on scope one and two by 2025 and scope three by 2030. These bold targets reflect our

»Tobii is a leading player in a highly innovative technology field and enabling the rise of many new applications.«



Kent Sander, Chairman of the Board

corporate responsibility towards the environment and place us at the forefront of corporate sustainability ambitions.

How should 2021 be viewed in Tobii's long-term strategy?

Tobii is a leading player in a highly innovative technology field, enabling many new applications. As a result, Tobii has unique opportunities to invest in and develop the business around areas needing the attention computing technology, thereby generating shareholder value. Tobii Dynavox is a perfect example of this dynamic running its course. Tobii identified the opportunity and, together with the shareholders' support, built a successful business around it. It ultimately led to Tobii spinning Tobii Dynavox out as a strong standalone entity, unlocking and displaying significant value creation. Tobii is now executing on building business around other application areas as well. It is investing and building strong valuable businesses in PC, VR and AR, research instruments, medical technology, automotive, and more. Despite the obstacles caused by the pandemic, the team has made solid strides in maturing the various businesses we are pursuing. Some examples of this include the public announcement of our automotive efforts and continued deepening foothold in the VR and AR industry.

What should an investor expect from Tobii?

Over the past two decades, Tobii has built a world-leading business and created great value, both for shareholders and society. Again, in conjunction with the distribution of Tobii Dynavox to the shareholders of Tobii, the market valued Tobii Dynavox to more than SEK 3bn, which is a clear testament to Tobii's success in value creation.

We intend to continue to manage Tobii with a clear focus on maximizing the company's long-term value. The company

invested heavily in developing solutions for different verticals, and some are now in a growth phase. Tobii is now entering an era of sustained higher-than-historical growth rates, meaning above 20% growth organically. On the back of expected stronger-than-historical growth rates, we also expect that Tobii will be able to reach profitability in the next few years, which is reflected in our target to reach profitability sometime in 2023. Our assessment remains that Tobii should be able to reach its target to reach profitability in 2023, while maintaining the overall strategy to optimize for growth. The maturity of some verticals and Tobii's strong technology puts us in a position where more M&A activity is strategically wise. Hence, a high investment pace, both organically and inorganically, should be expected, which is justified because the value potential in underlying markets supports this strategy by a wide margin.

How has the war in Ukraine impacted Tobii?

First of all, Tobii stands with the people of Ukraine, and we are strongly against this devastating attack on the Ukrainian people. We have 25 consultants based in Ukraine. Our immediate and continued focus has been to ensure our colleagues are safe and provide options to relocate and work remotely. We have made sure they have support from both Tobii and our supplier. A few of these colleagues have joined the Ukrainian armed forces, some have chosen to stay and work from Ukraine, and others have left the country. This situation has not caused significant interruptions to our R&D. We have insignificant revenue stemming from Russia and have decided to suspend all trading with customers from Russia.

Kent Sander

Chairman of the Board



The share and the shareholders

The Tobii share has been listed on Nasdaq Stockholm since 2015, where it is traded under the TOBII ticker. At the end of 2021, Tobii's market capitalization amounted to approximately SEK 3,880 million (5,607) and the share price decreased during the year by 35 percent to SEK 36.72 (56.60). Prior to the distribution of Tobii Dynavox to Tobii's shareholders on December 6, 2021, Tobii's share price increased by 22%. Assuming reinvestment of the dividend distribution of Tobii Dynavox, the share price increased by 18% from 36.60 to 66.54.

Share class and number of shares

There are two share classes, ordinary- and C-shares. Ordinary shares carry entitlement to one vote per share at shareholders' meetings, while the C-shares carry entitlement to one vote per ten shares. The number of outstanding shares on December 31, 2021 was 105,665,201 (99,064,087), of which 814,000 were C-shares, and 110,459,647 (102,131,635) diluted. The dilution is attributed to the outstanding warrants, employee stock options and restricted stock units within the framework of the company's incentive programs that entitles subscription for an equal number of shares and is based on the share price by the end of the period. The subscription price for these options varies depending on when the option series are issued. Recalculated for the distribution of Tobii Dynavox, the series with the lowest subscription price entitles holders to subscribe at SEK 10.84 per share and the series with the highest subscription price entitles holders to subscribe at SEK 39.72 per share, see note 8.

Price trend

The share price reached a 52-week high of SEK 79.95 and a 52-week low of SEK 33.96. During the year, the share price declined by 35 percent from SEK 56.60 at the end of 2020 to SEK 36.72 at the end of 2021, corresponding to a decrease in market capitalization of 31 percent from SEK 5,607 million to SEK 4,056 million. Based on the closing price of Tobii on the last day of trading including the right to receive shares in Tobii Dynavox, and the closing price on the ex date, adjusted for the 0.4% increase of OMXSPI, the distribution of Tobii Dynavox was valued by the market to SEK 31.1 per share, corresponding to SEK 3.1bn in market cap. Assuming reinvestment of the dividend distribution of Tobii Dynavox, the share price increased by 18% from 36.60 to 66.54, corresponding to an increase of market capitalisation by 27%. In 2021, 242,149,138 (246,639,570) Tobii shares were traded on Nasdaq Stockholm, which corresponds to an average daily turnover per trading day of 949,604 (978,728) shares.

Ownership structure

On December 31, 2021, Tobii had around 22,800 known shareholders. The ten largest shareholders' share accounted for 39.6% of shares. The Board of Directors and Executive Management had 5.9% of the shares in the company. The proportion of foreign-owned shares was 18.8%, Swedish ownership was 69.9% and anonymous ownership was 11.3%.

Dividend policy

The ordinary shares carries the right to dividends, C-shares does not. 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 (Dec 31, 2021)	105,665,201
52-week high 2021	SEK 79.95
52-week low 2021	SEK 33.96
Closing rate 2021	SEK 36.72
Share performance 2021	-35% ¹⁾

¹⁾ Prior to the distribution of Tobii Dynavox to Tobii's shareholders on December 6, 2021, Tobii's share price increased by 22%. With the dividend distribution of Tobii Dynavox reinvested, the share price increased by 18% from 36.60 to 66.54.

Analysts

ABG Sundal Collier	Daniel Thorsson
Carnegie	Mikael Laséen
SEB	Erik Larsson
Handelsbanken	Daniel Djurberg

Source: Euroclear and Modular Finance.

10 largest shareholders

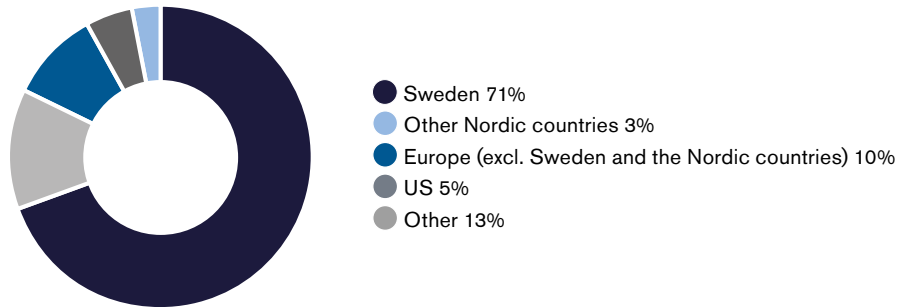
Shareholder	Number of shares	Share, %
Swedbank Robur Funds	8,599,119	8.1
Handelsbanken Funds	8,507,943	8.1
Henrik Eskilsson ¹⁾	4,535,952	4.3
Öhman Funds	4,306,357	4.1
Lannebo Fund	3,740,333	3.5
Invesco	3,051,079	2.7
Indecap	2,838,521	2.7
Mårten Skogö	2,334,735	2.2
ODDO BHF Asset Management	2,010,365	1.9
Avanza Pension	1,936,9187	1.8
Total ten largest shareholders	41,861,322	39.6
Other shareholders	63,803,879	60.4
Total	99,064,087	100.0

¹⁾ Including 2,835 shares owned by Henrik Eskilsson AB, a company wholly owned by Henrik Eskilsson.

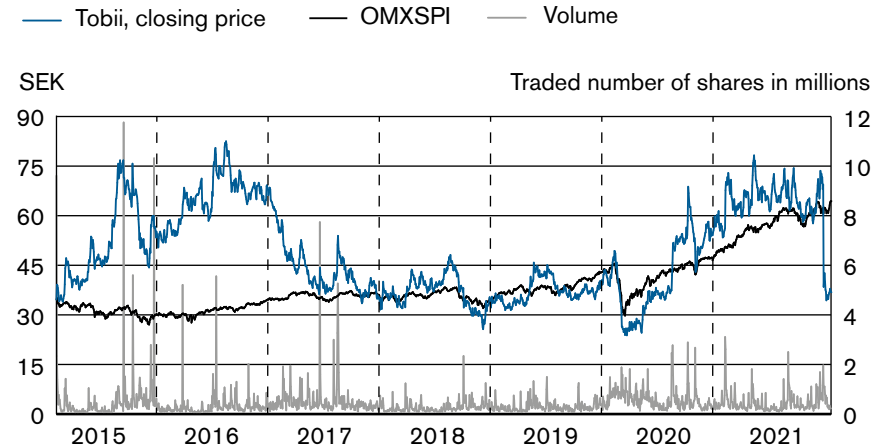
Shareholder structure

Shareholding	No. of shareholders	Number of shares	Shares/votes, %	Market value, SEK 000
1-500	17,551	2,251,642	2.1%	82,680
501-1,000	2,400	1,909,494	1.8%	70,117
1,001-10,000	2,956	8,567,460	8.1%	314,597
10,001-100,000	325	8,738,831	8.3%	320,890
100,001-500,000	46	15,443,910	7.9%	304,656
500,001-1,000,000	11	7,147,191	6.8%	262,445
1,000,001-5,000,000	19	39,852,809	37.7%	1,463,395
5,000,001-	2	17,107,062	16.2%	628,171
Anonymous ownership		11,793,993	11.2%	433,075
Total December 31, 2021	23,310	105,665,201	100.0%	3,880,026

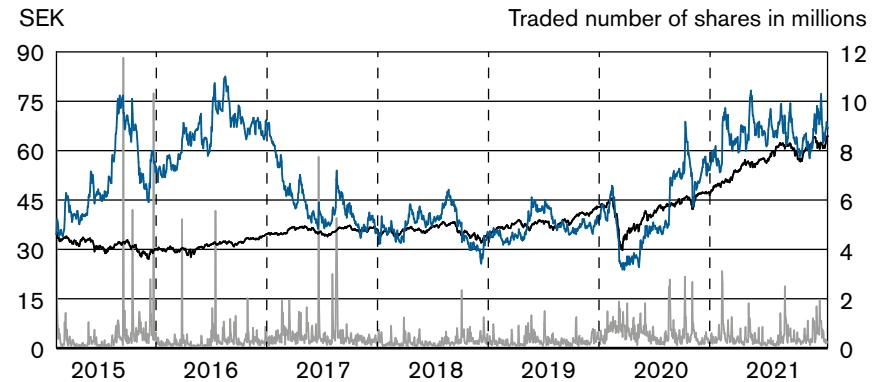
Holding by region



Share price April 1, 2015 – December 31, 2021¹⁾



The share price drop December 6, 2021 was a result of the dividend distribution of Tobii Dynavox to the shareholders of Tobii.



The chart above describes the share price assuming reinvestment of the dividend distribution of Tobii Dynavox to the shareholders in Tobii on December 6, 2021.

Risks and risk management

We are exposed to various risks that can influence the Group's business, profit or financial position. Through our global risk management process, 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 to manage our risks and minimize exposure to risks. 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. A description of financial risks and risk management, in addition to those described below, is presented in note 3.

Significance ↑	11. Business Ethics	3. Sourcing risks	1. Rapid technological changes 2. Risks related to information security
	12. Rapidly changing environmental sustainability reporting landscape 13. Financing risks 14. Insurance coverage in the event of liability 15. Acquisition risks 16. Quality problems and warranty claims 17. Customer dependency risks 18. Personal injury	5. Supply disruption risks 6. Dependency on key personnel 7. Intellectual property risks 8. Global market trends and changed conditions 9. Regulatory compliance risks 10. Fraud Risks	4. Increased competition
	21. Tax risks 22. Personal integrity 23. Impairment of intangible assets	19. Currency risks 20. Disputes and damages in legal proceedings	
			Probability →

Risk	Management
<p>1. Rapid technological changes</p> <p>The markets in which we operate are characterized by a high pace of technological changes. Consequently, our ability to predict technical advances and market needs, and to adapt our products accordingly, is critical for the continued success of the Group as a whole.</p>	<p>Close dialogue with customers, monitoring of market and technology trends, and investments in the development of core technology and products.</p>
<p>2. Risks related to information security</p> <p>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 confidence, negative brand impact, copy-cat solutions or other advantages to competitors.</p>	<p>Support and monitor the implementation of an Information Security Management System. Quarterly review of each risk. Information Security awareness program within the entire Group and support audits for IT-services built.</p>
<p>3. Sourcing Risks</p> <p>Single source supply, e.g. 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, resulting in additional vulnerabilities.</p>	<p>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.</p>
<p>4. Increased competition</p> <p>If our 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 us. We offer specialized products that encounter competition from simpler and less expensive products. There is a risk that this trend will continue and impact more product categories.</p>	<p>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. Continue to develop clearly differentiated products and solutions that enable us to offer high quality solutions at competitive price levels.</p>

Risk	Management
<p>5. Disruptions in global supply chains</p> <p>Global supply chains are increasingly vulnerable to disruption, as they are subject to both unforeseen and expected events as a result of trade policy decisions such as restrictions on free trade, the emergence of trade wars or trade embargoes, climate related events 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.</p>	<p>Continual monitoring of global trade policy developments and manage relationships with external partners. Ensure compliance to our export control policy and international trade laws. Take immediate action according to contingency plans 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 for alternative supply options.</p>
<p>6. Dependency on key personnel</p> <p>We are dependent on a variety of expert competencies and key individuals. If we fail to retain senior executives and key personnel or are unsuccessful in recruiting new highly skilled personnel, this could hamper the Group's future expansion.</p>	<p>Offer market terms and conditions, personnel incentive and development programs, and implement initiatives to maintain and develop our "employer brand" and appeal as a workplace.</p>
<p>7. Insufficient protection of intellectual property rights</p> <p>We deem 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 that we expect, or if we are sued for infringement of the intellectual property of others, it could lead to costly legal and administrative processes, claims, licensing fees, or sales stops of our products.</p>	<p>Map patents within new product areas. Further development of our patent portfolio. See more on page 17.</p>
<p>8. Global market trends and changed conditions risks</p> <p>The Group is continuously exposed to both local and global macroeconomic 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.</p>	<p>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.</p>
<p>9. Regulatory compliance risks</p> <p>Irregularities in our regulatory compliance and routines can expose us to considerable financial risks, market risks or operational risks. We must comply with applicable laws and standards regarding matters such as product safety, the environment, and personnel in the markets in which we operate.</p>	<p>Ongoing review of certifications and other laws and regulations in the markets where we are 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.</p>

Risk	Management
<p>10. Fraud Risks</p> <p>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, possibly resulting in financial and reputational loss.</p>	<p>All cases of fraudulent conduct shall immediately be reported, investigated, and, where appropriate, be subjected to legal sanctions. Internal control measures to identify fraud-related risks shall be maintained.</p>
<p>11. Risks related to business ethics</p> <p>Compliance with our business ethics principles, as well as laws and regulations are important for our continued success. Failure to comply would involve both specific business risks and the risk of a negative impact on our reputation.</p>	<p>Through our Code of Conduct, which also includes our Supplier Policy, all employees and suppliers sign in agreement with our 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.</p>
<p>12. Rapidly changing environmental sustainability reporting landscape</p> <p>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 and/or new environmental requirements and permits place higher demands on compliance, as well as increased demand from investors and regulatory bodies for clearer disclosures related to sustainability reporting.</p>	<p>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.</p>
<p>13. Financing risks</p> <p>Inadequate access to financing for investments could lead to limited growth opportunities.</p>	<p>Good transparent communication to the stock market and lenders, as well as focus on cost efficiency within the Group. Regular and careful financial planning.</p>
<p>14. Inadequate insurance coverage in the event of liability</p> <p>We have insured our businesses against loss and/or potential liability in case of third-party claims relating to, among other things, property damage, business interruption, occupational injuries, product liability or product recall. There is a risk that our insurance coverage may not fully reimburse us for any liability.</p>	<p>Regular review and, when needed, alter insurance coverage.</p>

Risk	Management
<p>15. Acquisition risks</p> <p>We evaluate potential acquisitions in line with our acquisition strategy and there is a risk that we will fail to carry out acquisitions because of, for example, competition from other participants or lack of adequate financing. In addition, the strategy will require that we continue to purchase suitable companies at sound multiples and manages to integrate such companies successfully. Because of our leading position in specific markets, competition law could also pose obstacles.</p>	<p>Meticulous acquisition analyses, analyses of market conditions, integration initiatives and compliance with applicable rules and legislation.</p>
<p>16. Quality problems and warranty claims</p> <p>Defects in our products or the components that we supply to integration customers could lead to considerable warranty claims, costly recall programs and lowered confidence in us as well as our products.</p>	<p>Comprehensive quality program during the product development process and control of sub-contractors.</p>
<p>17. Customer dependency risks</p> <p>We enter certain contracts with large integration customers without binding volume commitments or guarantees. Additionally, long maintenance agreements are signed with customers, with long lead times and thereby uncertainties before value can be derived. There is a risk that customers might choose not to implement planned integrations, or for other reasons generate lower sales than expected, which results in major negative impacts on our earnings.</p>	<p>Close collaboration with key customers; cultivate relationships with more integration customers. Collaborate with customers in several different sub-segments.</p>
<p>18. Personal injury</p> <p>If faults in our products would cause personal injury, it could lead to substantial damage claims, costly recall programs, negative impact on our reputation, or that the product may no longer be sellable.</p>	<p>Comprehensive quality program during the product development process, and verification and certification of the products against current standards.</p>
<p>19. Currency risks</p> <p>Since we have large parts of our business and primary revenue in geographic markets outside Sweden, there is a risk of negative impact from currency fluctuations.</p>	<p>Tobii does not hedge net exposure to currencies such as the USD, EUR and JPY since the currency mix entails a limited net impact.</p>

Risk	Management
<p>20. Disputes and damages in legal proceedings</p> <p>There is a risk that we 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 our reputation, and could also result in damages, fines, legal costs, negative publicity and disruptions to the continuity of the business.</p>	<p>We enter into written agreements with our customers and partners. Disseminate knowledge within the organization to promote rapid reporting to corporate counsel for appropriate and fair handling of disputes and disagreements.</p>
<p>21. Tax risk</p> <p>Our 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 is deviated from our business, there is a risk of higher tax costs. There are also risks associated with managing taxes locally in the various markets in which we operate.</p>	<p>Annual review of tax risks together with external tax experts. Adjust tax appropriations based on this review.</p>
<p>22. Personal integrity risks</p> <p>In several of our products, services and internal administrative processes, we handle data and information that may be sensitive from the perspective of personal integrity. If we do not handle such information properly, our reputation is at risk and there is a potential for interruption in the delivery of products and services. If eye tracking data is used incorrectly and irresponsibly (by us, by our customers or by suppliers that provide software that uses eye tracking data), there is a risk that consumer confidence in eye tracking as a technology will be negatively impacted.</p>	<p>We have established a framework for GDPR handling of personal data, which is applied to our products, services and internal processes. Regarding the broader issue of trust in eye tracking as a technology, we are actively working to define and establish principles and legal frameworks to responsibly establish regulations for the management of eye tracking data in ways that take far-reaching responsibility for personal privacy. We also collaborate actively with competitors and other players in the ecosystem on these issues.</p>
<p>23. Impairment of intangible assets</p> <p>A large part of our R&D expenditures is capitalized as intangible assets. If our technology and product development initiatives result in products that do not fulfill our high standards nor the requirements of the market and therefore do not become commercial successes, this may lead to significant impairments.</p>	<p>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.</p>



03

Corporate Governance

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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. At the June 2021 EGM, a decision on an incentive program was taken, leading 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.

INTERNAL RULES

To ensure compliance with the applicable laws and rules 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.

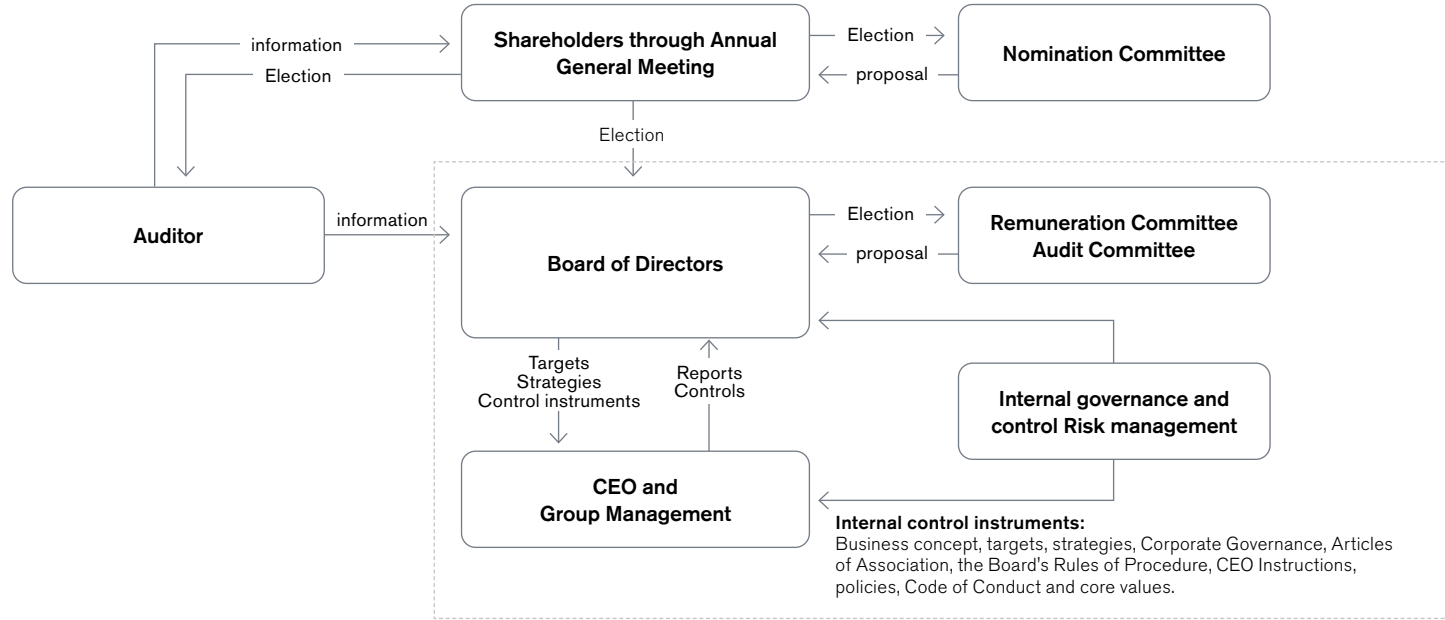
SHAREHOLDERS

For information regarding ownership structure and the largest shareholders, refer to pages 38–39 in this Annual Report.

VOTING RIGHTS

There are two share classes, ordinary- and C-shares. Ordinary shares carry entitlement to one vote per share at shareholders' meetings, while the C-shares carry entitlement to one vote per ten shares.

CORPORATE GOVERNANCE STRUCTURE



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 2021 ANNUAL GENERAL MEETING

At the 2021 Annual General Meeting held on May 18, 2021, it was decided that the Company's Board should comprise seven ordi-

nary 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 and Jörgen Lantto were re-elected to serve as members of the Board. Mårten Skogö declined reelection. 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%. 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 Board of Directors chose to withdraw its proposal on the incentive program. The minutes from the meeting are available on Tobii's website.

TOBII'S JUNE 2021 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting in Tobii AB (publ), held on June 21, 2021, resolved on the adoption of a new long-term incentive program for senior executives and other key individuals within the Tobii Group. The minutes from the meeting are available on Tobii's website.

TOBII'S OCTOBER 2021 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting in Tobii AB (publ), held on October 25, 2021, resolved upon, inter alia, the following. The distribution of all shares in Tobii Dynavox AB, the exchange of the incentive programs adopted at the annual general meeting held on 12 May 2020 and the extraordinary general meeting held on 21 June 2021, determination of number of members and deputy members of the Board of Directors, determination of remuneration to the Board of Directors and Henrik Eskilsson was elected to serve as member of the Board of Directors. The minutes from the meeting are available on Tobii's website.

TOBII'S 2022 ANNUAL GENERAL MEETING

Tobii AB will hold its Annual General Meeting on May 25, 2022 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 Elvesjo and Marten Skogo 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 2022 Annual General Meeting, the Nomination Committee was appointed in accordance with the above principles. The Nomination Committee has had four recorded meetings in the fall of 2021 and two in the winter of 2022. 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 2022 ANNUAL GENERAL MEETING

Member	Appointed by	Share of votes
Helen Fasth Gillstedt	Handelsbanken	8.19%
Jan Andersson	Swedbank Robur	8.11%
Henrik Tellving	Tobii's three founders	7.33%
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 considered 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 18, 2021.

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 33 recorded meetings in 2021, one of which was the statutory Board meeting. The many meetings reflect a very busy business year. Key issues during the year concerned CEO appointment, strategy, market position, product development, significant risks, handling of Covid-19, acquisitions and the spin-off of Tobii Dynavox. 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 2021 this evaluation was conducted on an ongoing basis based on self-assessments by the Board of Directors.

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.

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 2021, the Committee was initially made up of Åsa Hedin, Chair, and members Charlotta Falvin and Nils Bernhard. Following Åsa Hedin's decision to resign from the board, Heli Arantola assumed the role as Chair of the Audit Committee.

The Audit Committee held five recorded meetings in 2021, four with Åsa Hedin as Chair and one with Heli Arantola as Chair.

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 ¹	remuneration committee
Kent Sander, chair	2014	1953	yes	yes	33/33		■
Charlotta Falvin	2018	1966	yes	yes	32/33	■	
Heli Arantola	2016	1969	yes	yes	30/33	■	
Henrik Eskilsson	2021	1974	no	yes	12/12 ²		
Jan Wäreby	2016	1956	yes	yes	32/33		■
Jörgen Lantto	2019	1963	yes	yes	33/33		■
Mårten Skogö	2019	1977	yes	yes	10/10 ³		
Nils Bernhard	2004	1947	yes	yes	33/33	■	
Åsa Hedin	2015	1962	yes	yes	21/21 ³	■	

¹ Heli Arantola assumed the role as Chair of the Audit committee in conjunction with Åsa Hedin leaving the board of directors in October 2021.

² Henrik Eskilsson was elected to the board of directors in conjunction with the extraordinary general meeting October 2021.

³ Mårten Skogö and Åsa Hedin resigned from the board of directors during the year.

THE BOARD'S 2021 WORK YEAR



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 2021, the Committee was made up of Kent Sander, Chair, and members Jörgen Lantto and Jan Wäreby. The Committee held three recorded meetings in 2021.

REMUNERATION TO THE BOARD OF DIRECTORS AND COMMITTEES

Remuneration to the Board of Directors is decided at the Annual General Meeting. The 2021 Annual General Meeting resolved that Board fees would amount to SEK 2,150,000 to be allocated as SEK 650,000 for the Chairman of the Board and SEK 250,000 each for other Board members. Fees for Committee work are as follows: SEK 120,000 to the Chair of the Audit Committee and SEK 60,000 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. In addition to the remuneration decided by the Annual General Meeting, a one-time cash remuneration of SEK 11,900 has been paid to Mårten Skogö for his work and contributions, which went beyond the ordinary scope of the Board assignment, regarding patented technology. The remuneration has been determined and decided in accordance with applicable remuneration guidelines. 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 18, 2021. 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 Chief Financial Officer, the Senior Vice President of Engineering, the Senior Vice President Segments & Products, Executive Vice President Sales & Marketing and the Senior Vice President Operations. The executive management team holds weekly meetings, at which both strategic as well as tactical and operational issues are discussed and decided on. A more detailed presentation of the CEO and the Group Management Team is available on page 54.

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 Anand Srivatsa, as well as some of the other Executive management team 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 2021, total remuneration to the CEO and senior executives amounted to approximately SEK 23.1 million. In 2021, there were no deviations from the guidelines adopted by the Annual General Meeting in May 2021 (see Tobii's Annual General Meeting 2021 above), apart from the above-mentioned remuneration to board member Mårten Skogö. Remuneration to the CEO and other senior executives is presented in detail in Note 8.

AUDITOR

Tobii's auditor reviews 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 2021 Annual General Meeting through to the 2022 Annual General Meeting. The responsible auditor is Authorized Public Accountant Johan Engstam.

REMUNERATION TO THE AUDITOR

The 2021 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, segment 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 40–45.

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 2021

Tobii distributed 100% of its shares in Tobii Dynavox to Tobii ABs shareholders, after which Tobii Dynavox was listed as a separate entity. The acquisitions of Phasya and Acapela Group was agreed, and the

acquisition of Phasya was completed before year end.

The Board of Directors and the management actively worked to design and implement the new organization following the integration of Tobii Tech and Tobii Pro.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 47–54 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 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.

Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 27 April 2022
PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

Board of Directors



Kent Sander

Chairman of the Board

Elected: 2014

DOB: 1953

Education: MSc in Business and Economics.

Main assignments and experience:

Kent Sander has over 30 years experience in leading positions at international telecom and high-tech IT companies. Chairman of the Board of OnePhone Holding AB. Previous CEO of TruePosition, Executive VP Sales of Ericsson USA and Chairman of the board of Transmode AB, Mr Green & Co AB, Serneke Group AB and Triboron International AB.

Shareholding in Tobii*: 68,756 shares. (Dec 31, 2021)



Charlotta Falvin

Elected: 2018

DOB: 1966

Education: MSc in Business and Economics, Lund University.

Main assignments and experience:

Experience from leading positions in IT and telecom, e.g. COO at Axis, CEO at Decuma and TAT. Chairman of the board at Skåne Startups. Board member at Invisio, Net Insight, Bure Equity, Boule Diagnostics, Nel ASA, Tobii Dynavox and Malmö based incubator Minc. Previous board member of e.g. Axis, Doro and Sinch.

Shareholding in Tobii*: Holds no shares or warrants in the Company. (Dec 31, 2021)



Heli Arantola

Elected: 2016

DOB: 1969

Education: PhD in Economics

Main assignments and experience: CEO of Leipurin Plc., Member of the board of directors in S-Bank Plc., and Midsona AB. Previously EVP Categories and Concepts at HK Scan Plc, CEO of Fazer Kvarn and many years of experience from executive positions in the Fazer Group and Sonera.

Shareholding in Tobii*: Holds no shares or warrants in the Company. (Dec 31, 2021)



Henrik Eskilsson

Elected: 2021

DOB: 1974

Education: MSc in Industrial Engineering & Management, International Profile, Linköping University, Sweden

Main assignments and experience:

Head of Corporate Development of Tobii. Co-founder and CEO of Tobii from 2001 until 2021. Serial entrepreneur.

Shareholding in Tobii*: 4,535,952 shares and 664,356 warrants. (Dec 31, 2021)



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 Obelixus AB. Board member of Exportkreditnämnden (EKN), Kebni AB, lmsys AB, Defentry AB, Wineally AB and Agapi Boating AB. He has extensive experience from leading positions at the Ericsson Group, including Senior VP of Sales, Senior VP of Business Unit Multimedia, and VP and Head of Sales and Marketing at Sony Ericsson.

Shareholding in Tobii*: 30,800 shares. (Dec 31, 2021)



Jörgen Lantto

Elected: 2019

DOB: 1963

Education: Technical college graduate, telecommunications, Midskogs-skolan.

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, Motum Electrica AB, Bromma Tech Consulting AB, Wirepas Oy and Cambridge Mechatronics Ltd.

Shareholding in Tobii*: 45,000 shares. (Dec 31, 2021)



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. (Dec 31, 2021)

Executive Management



Anand Srivatsa

CEO

Employed: 2019

DOB: 1978

Education: MSc in electrical engineering from Stanford University, US.

Experience: Vice president of the Client Computing Group and general manager of Intel's Desktop, Systems and Channel Groups. Various senior positions in Intel within sales and marketing in the US and Taiwan, including responsibility for some of Intel's largest customers.

Shareholding in Tobii*: 27,245 shares and 546,981 warrants and restricted stock units. (Dec 31, 2021)



Magdalena Rodell Andersson

CFO and Executive Vice President

Employed: 2021

DOB: 1966

Education: MBA from Stockholm School of Economics, specializing in Accounting and Finance.

Experience: 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 and 42,443 warrants or restricted stock units. (Dec 31, 2021)



Ann Emilson

Executive Vice President Sales & Marketing

Employed: 2021

DOB: 1965

Education: MSc in industrial engineering and management from Linköping University, Sweden.

Experience: Extensive experience from the tech industry and was head of business of the largest B2B customers at Telia Sverige prior to joining Tobii. She has worked at CGI and held several leading positions during her 27 years at Ericsson.

Shareholding in Tobii*: Holds no shares, warrants or restricted stock units. (Dec 31, 2021)



Emma Bauer

Senior Vice President Segments & Products

Employed: 2014

DOB: 1975

Education: MSc in industrial engineering & management from the Royal Institute of Technology in Stockholm, Sweden.

Experience: Before joining Tobii, Emma has held various senior positions at product and consultancy companies related to high-tech, business-, organization- and product development.

Shareholding in Tobii*: 4,650 shares and 63,227 warrants or restricted stock units. (Dec 31, 2021)



Gunnar Troili

Senior Vice President Engineering

Employed: 2001

DOB: 1979

Education: MSc in engineering physics from the Royal Institute of Technology in Stockholm, Sweden.

Experience: Joined Tobii AB directly after his university studies as Tobii's first algorithm developer in 2001, when the company was a garage start-up. During his 20 years at the company, he has held different roles within R&D and algorithm development.

Shareholding in Tobii*: 314,833 shares and 76,024 warrants or restricted stock units. (Dec 31, 2021)



Jonas Jakstad

Senior Vice President Operations

Employed: 2016

DOB: 1972

Education: MSc in welding and vehicle engineering from the Royal Institute of Technology in Stockholm, Sweden.

Experience: COO at Maquet Critical Care AB, Getinge, and prior to that various leading positions within the automotive industry at GM Powertrain.

Shareholding in Tobii*: 1,440 shares and 34,505 warrants or restricted stock units. (Dec 31, 2021)



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Directors' report

The Board of Directors of Tobii AB (publ) (corp. ID no. 556613-9654) hereby presents the following annual report and consolidated financial statements for fiscal year January 1, 2021 to December 31, 2021. 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 and a pioneer in attention computing. Eye tracking and attention computing is the use of sensor technologies that a machine or a device can leverage to understand a person's attention and intent. It is an advanced level of human-computer interaction that generates high-level attention signals such as awareness, intent, and cognitive state. 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 in two segments, separated by the type of products and underlying business dynamics.

- Products and Solutions serve B2B customers and consumers with a portfolio of eye tracking solutions including hardware products, software products, and services. These products include Tobii's range of wearable and screen-based research instruments and specialized research software, the gaming peripheral Tobii Eye Tracker 5 and the integrations in advanced medical applications.
- Integrations provides attention computing devices and services to technology-related original equipment manufacturers

Tobii AB was founded in 2001 and the Group operates globally with more than 600 employees and thirteen offices in twelve countries. Sales are conducted directly and via resellers.

CHANGES IN THE STRUCTURE OF THE GROUP

During the fourth quarter of 2020, Tobii sold the subsidiary Smartbox, which resulted in a capital gain of SEK 10 million. The contingent consideration relating to the sale has now been agreed and Tobii will receive the full amount, GBP 3.5 million, of which GBP 3.0 million was received during the fourth quarter of 2021.

From July 2021, Tobii integrated the previous divisions of Tobii Pro and Tobii Tech into one operational entity. Because of this and the then planned distribution of the share of Tobii Dynavox, Tobii reported only two segments, Tobii Dynavox and Tobii remainco, in Q3 2021.

In December 2021, Tobii distributed all shares in Tobii Dynavox to Tobii's shareholders. In conjunction with this Tobii also formalized two new reporting segments, Products and Solutions, and Integrations.

From Q4 2021, Tobii is reporting Tobii Dynavox as discontinued operations, and the remaining part of the group is reported in the two new segments Products and Solutions, and Integrations.

Further information is presented in Note 31.

SALES

The Group's sales increased by 7% in 2021 to SEK 616 million (578). Organically, the increase was 12%, driven by our Products and Solutions business. The pandemic and global supply chain disruptions continued to have a dampening effect on sales across the Group.

Sales for Products and Solutions increased by 13% to SEK 459 million (405). Organically, the increase was 17%. The growth was mainly driven by demand returning for our scientific research products.

Integrations' sales declined by 9% to SEK 157 million (173). Organically, revenue fell by 2%, resulting from a mix-shift from Tobii Integration Platform IS5 to Tobii Aware and Tobii Horizon integrations, several delayed customer projects, and supply chain disruptions for some of our customers.

The North American market accounted for 26% (26%) of consolidated revenue, the European market 31% (27%), and the rest of the world 43% (47%).

PERFORMANCE

The Group's gross margin was 72% (71%).

Products and Solution's gross margin was 72% (77%). The gross margin decreased due to a change in product mix.

Integrations gross margin was 71% (57%). The year-on-year increase was a result of a higher share of software-related revenues.

The operating loss for the Group was SEK -186 million (-230).

Other operating income, which consist of exchange rate differences and other income, had an impact on operating result of SEK 21 million.

PROFIT/LOSS BEFORE TAX

The Group's pretax loss was SEK -181 million (-264). Net financial items totaled SEK 6 million (-34) and mainly consist of interest expenses related to the bond loan and finance leases under IFRS 16 of SEK -16 million (-12). The item also includes currency translation differences of SEK 21 million (-23).

NET PROFIT/LOSS AND EARNINGS PER SHARE

The net profit for 2021 was SEK 3,147 million (-134) and net earnings per share totaled SEK 31.36 (-1.36). Of the net profit for the year SEK 3,330 million is attributable to discontinued operations. The majority of this amount, SEK 3,301 million, represents the gain from the distribution of Tobii Dynavox. The remaining part represents the net profit for the year in Tobii Dynavox, until the time of divestment. Net result from continuing operations amounted to SEK -184 million and earnings per share from continuing operations amounted to SEK -1.83 (2.67). The average number of shares outstanding (diluted) during full year 2021 was 105 million (100), the number of shares outstanding (diluted) at the end of the period was 110 million (102) and the number of shares outstanding at the end of the period was 105 million (99).

CASH FLOW, LIQUIDITY AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital was SEK -34 million (-115). The change in working capital had a positive impact on cash flow of SEK 11 million (76).

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 129 million (91), of which SEK 124 million (87) related to capitalization of R&D. Free cash flow was SEK -152 million (-130). Acquisitions and divestments had a negative impact on cash flow of SEK -172 million (+105), due to the acquisition of Phasya and the divestment of Tobii Dynavox.

Cash flow from financing activities was positively impacted during the year by a new share issue of SEK 300 million (0), and through SEK 42 (4) exercise of warrants related to incentive programs. At the end of the period, the Group had SEK 438 million (410) in cash.

RESEARCH AND DEVELOPMENT

To preserve and further strengthen the Group's leading position, Tobii invests significant resources in research and development (R&D). Of the Group's 680 Tobiians as per December 31, 2021, which included 77 consultants, nearly 260 worked in R&D. The Group's total R&D expenditure decreased by SEK 29 million to SEK 270 million (299), of which SEK 124 million (87) or 46% (29%) was capitalized on the balance sheet, while R&D amortization increased by SEK 18 million to SEK 125 million (106). Consequently, R&D expenses recognized in the income statement fell to SEK 271 million (319), corresponding to 44% (55%) of sales.

PERSONNEL

The average number of employees in the Group in 2021 decreased by 48 to 512. The number of employees recalculated to full-time equivalents at the close of the period was 490 (521). Compared to the same time in the previous year, the number of full-time equivalent employees decreased by

31, or 6%, 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 47–54. The 2021 Annual General Meeting adopted updated guidelines for remuneration of senior executives. Details about the actual amounts paid in 2021 are presented in Note 8.

SUSTAINABILITY

In 2021, 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 2021. A description of Tobii's sustainability efforts can be found in the sustainability report on pages 24–34 and 108–124 of this annual report. The sustainability report for 2021 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. After the reporting period, Tobii has merged the legal entities of Tobii AB, Tobii Pro AB and Tobii Tech AB. The merger was finalized on April 1st, 2022. The Parent Company's sales during the full year totaled SEK 158 million (134) and the operating profit was SEK 243 million (-15). At the end of the period, the Parent Company had SEK 284 million (72) in cash and cash equivalents.

CHANGES IN THE BOARD

At the Annual General Meeting on May 18, 2021, Kent Sander, Charlotta Falvin, Nils Bernhard, Åsa Hedin, Heli Arantola, Jan Wäreby and Jörgen Lantto were re-elected as members of Tobii's Board of Directors. Mårten Skogö declined re-election. Kent Sander was re-elected as Chairman of the Board.

Åsa Hedin resigned from the Board of Directors in connection with the extraordinary general meeting October 25, 2021. The Extraordinary General Meeting therefore resolved, in accordance with the nomination committee's proposal, to elect Henrik Eskilsson as new member of the Board of Directors. In conjunction with this, Heli Arantola was appointed Chair of the audit committee.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On April 1, 2022, Tobii Tech AB and Tobii Pro AB have been merged with Tobii AB.

Tobii announced that it is in negotiation with Sony Interactive Entertainment to be the eye tracking technology provider in their new VR headset, PlayStation VR2 (PS VR2).

The war in Ukraine with related sanctions on Russia and Belarus started after the end of the period. Tobii had 25 colleagues within R&D working from Ukraine at that time, and we have focused on supporting them in the best possible way. The impact on our R&D progress and revenues has been insignificant.

See note 33.

OUTLOOK

Tobii estimates that the long-term market potential for the Group is good. Tobii has announced its ambition to reach profitability for the group during 2023 and to reach SEK 1.5bn in revenue by 2025. The Covid-19 pandemic continues to cause uncertainty and to some extent, it will also have a negative impact on the business in 2022. The indirect impact of the Ukrainian crisis on an already stressed global supply chain, and on the prices for input materials and components is causing renewed uncertainty and elevation of supply chain risks. Tobii has a minor direct exposure to customers and suppliers in Russia, while we have some external resources in software development in Ukraine. We have offered support to ensure that these consultants have options to relocate. For more information, see information in note 32.

DIVIDENDS

The Board of Directors' proposal for 2021 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	1,970,312
Retained earnings	-502,483
Profit/loss for the year	266,318
Total	1,734,147

The Board of Directors proposes that the following amount be carried forward:

	1,734,147
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Multi-year overview¹

SEK m	2021	2020	2019	2018	2017
Net sales, SEK m	616	578	1,501	1,278	1,079
EBITDA, SEK m	-27	-97	32	-28	-52
Operating profit/loss (EBIT), SEK m	-186	-230	-138	-189	-191
Net Profit/Loss for the year, SEK m	3,147	-134	-171	-174	-192
Gross margin, %	72	71	69	71	71
EBITDA margin, %	-4	-17	2	-2	-5
EBIT margin, %	-30	-40	-9	-15	-18
Cash flow from operating activities, SEK m	-23	-39	-13	-13	-35
Free cashflow, SEK m	-152	-130	-262	-238	-221
Earnings per share, SEK	31.36	-1.36	-1.73	-1.79	-1.98
- whereof continuing operations	-1.83	-2.67	-	-	-
Earnings per share, diluted, SEK	29.87	-1.36	-1.73	-1.79	-1.98
- whereof continuing operations	-1.83	-2.67	-	-	-
Equity per share, SEK	8	6	7	9	10
Working capital, SEK m	-9	-65	-6	-30	-45
Total assets, SEK m	1,224	1,655	1,630	1,325	1,343
Net cash (+)/net debt (-), SEK m	344	-143	-204	192	537
Equity, SEK m	842	556	676	835	979
Equity/assets ratio, %	69	34	41	63	73
Net debt/equity, %	neg	26	30	neg	neg
Return on total equity, %	571	-23	-23	-20	-18
Average number of shares, million	100	99	99	98	97
Number of outstanding shares at period-end, million	105	99	99	99	97
Average number of employees	512	560	1,003	917	779

¹ Numbers for the years 2020-2021 have been restated for the divestment of Tobii Dynavox in accordance with IFRS 5, where the profit for Tobii Dynavox is presented on a separate line, Profit/loss from discontinued operations. For the years 2017-2019 the numbers have not been restated for the divestment of Tobii Dynavox.

Multi-year overview, segments

SEK m	2021	2020
Net sales		
Products and Solutions	459	405
Integrations	157	173
The Group	616	578
Gross profit		
Products and Solutions	332	313
Integrations	112	99
The Group	444	412
Gross margin, %		
Products and Solutions	72	77
Integrations	71	57
The Group	72	71

Consolidated statement of comprehensive income

SEK m	Note	2021	2020
Continuing operations			
Net sales	5	616	578
Cost of goods and services sold		-172	-167
Gross profit	5	444	411
Selling expenses		-253	-242
Research and development expenses		-271	-319
Administrative expenses	7	-124	-75
Other operating income and operating expenses	11	17	-5
Operating profit/loss	6, 7, 8, 9, 10	-186	-230
<i>Profit/loss from financial items</i>			
Financial income	12	33	21
Financial expenses	12	-27	-55
Total financial income and expenses		6	-34
Profit/loss before taxes		-181	-264
Taxes	13	-3	-1
Profit/loss for the year, continuing operations		-184	-264
Profit/Loss from discontinued operations	31	3,330	131
Profit/loss for the year		3,147	-134
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange rate differences		-24	5
Other comprehensive income, net after tax		-24	5
Total comprehensive income for the year		3,123	-129
<i>Profit/loss for the year attributable to:</i>			
Parent company shareholders		3,147	-134
Non-controlling interests		0	0
Total profit/loss for the year		3,147	-134

SEK m	Note	2021	2020
<i>Total comprehensive income attributable to:</i>			
Parent company shareholders		3,123	-129
Non-controlling interests		0	0
Total comprehensive income for the year		3,123	-129
Earnings per share for the year, basic, SEK	14	31.36	-1.36
- whereof continuing operations	14	-1.83	-2.67
Earnings per share for the year, diluted, SEK	14	29.87	-1.36
- whereof continuing operations	14	-1.83	-2.67
Average number of outstanding shares, (thousands)	14	100,323	99,041
Average number of outstanding shares, diluted, (thousands)	14	105,328	100,107

Consolidated balance sheet

SEK m	Note	Dec. 31, 2021	Dec. 31, 2020
Non-current assets			
Goodwill	15	78	42
Capitalized product development costs	15	254	431
Trademarks	15	0	93
Other intangible assets	15	34	38
Property, plant and equipment	16	13	46
Right-of-use assets	16	66	88
Financial and other non-current assets			
Deferred tax assets	13	65	117
Other financial fixed assets		18	5
Total non-current assets		528	861
Current assets			
Accounts receivable	18	132	199
Inventories	19	55	88
Other receivables		40	56
Prepaid expenses and accrued income	20	30	42
Cash and cash equivalents	21	438	410
Total current assets		696	794
Total assets		1,224	1,655

SEK m	Note	Dec. 31, 2021	Dec. 31, 2020
Equity			
Share capital	23	1	1
Other paid-in capital		1,976	1,639
Reserves	24	-21	3
Retained earnings including profit/loss for the year		-1,116	-1,088
Total equity attributable to parent company's shareholders		840	555
Non-controlling interests		2	1
Total equity		842	556
Non-current liabilities			
Interest-bearing loans	26	17	464
Leasing liabilities	26	49	63
Deferred tax liabilities	13	0	2
Provisions	25	2	2
Other non-current liabilities	26	20	93
Total non-current liabilities		88	623
Current liabilities			
Leasing liabilities	26	28	26
Accounts payable	26	90	85
Other liabilities	26	71	99
Accrued expenses and prepaid income	27	106	265
Total current liabilities		294	475
Total liabilities		382	1,098
Total equity and liabilities		1,224	1,655

Consolidated statement of changes in equity

SEK m	Note	Attributable to parent company shareholders				Total	Non-controlling interests	Total
		Share capital	Other paid-in capital	Reserves	Retained earnings			
Opening balance, Jan. 1, 2020		1	1,636	-2	-960	675	1	676
Profit/loss for the year					-134	-134	0	-134
Other comprehensive income				5		5		5
Comprehensive income for the year				5	-134	-129	0	-129
Sale of warrants,incentive program			4			4		4
Equity-settled share-based payment transactions under IFRS 2	8				6	6		6
Closing balance, Dec. 31, 2020		1	1,639	3	-1,088	555	1	556
Profit/loss for the year					3,147	3,147	0	3,147
Other comprehensive income				-24		-24		-24
Comprehensive income for the year				-24	3,147	3,123	0	3,123
New share issue		0	294			294		294
Dividend					-3,184	-3,184		-3,184
Sale of warrants,incentive program			42			42		42
Sale of own shares					3	3		3
Equity-settled share-based payment transactions under IFRS 2	8				7	7		7
Closing balance, Dec. 31, 2021		1	1,976	-21	-1,116	840	2	842

Consolidated cash flow statement

SEK m	Note	2021	2020
Cash flow from operating activities			
Profit/loss after financial items, continuing operations		-181	-264
Adjustment for items not included in the cash flow			
Amortization and write downs on intangible assets	9	125	106
Depreciation and write downs on property, plant and equipment and right-of-use assets	9	35	27
Unrealized exchange rate differences		-21	24
Changes in provisions		1	-2
Other items not affecting the cash flow		8	0
Taxes paid		-1	-6
Cash flow from operating activities before change in working capital		-34	-115
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-7	-15
Increase (-)/Decrease (+) in operating receivables		-92	95
Increase (+)/Decrease (-) in operating liabilities		110	-4
Cash flow from operating activities		-23	-39
Investing activities			
Investments in intangible assets		-123	-88
Investments in property, plant and equipment		-6	-7
Investments in financial assets		0	4
Free cashflow		-152	-130
Business disposals and acquisitions		-172	105
Cash flow from investing activities		-300	14
Cash flow after investing activities		-323	-25

SEK m	Note	2021	2020
Financing activities			
Bond issues and other borrowings		-450	171
New share issue, net of costs		294	0
Sale/exercise of warrants, incentive program		42	4
Instalments of leasing liability IFRS 16		-25	-19
Other financing activities, net ²		294	-22
Cash flow from financing activities		156	134
Cash flow for the year, continuing activities		-167	109
Cash flow for the year, discontinued operations	31	188	135
Cash flow for the year, total		21	243
Cash and cash equivalents at the beginning of the year		410	185
Foreign currency translation, cash and cash equivalents		7	-16
Change in cash equivalents within Assets held for sale		-	-3
Cash and cash equivalents at year-end		438	410

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

²⁾ Other financing activities, net, includes transactions with Tobii Dynavox and primarily relates to repayment of loans.

Parent company income statement

SEK m	Note	2021	2020
Net sales		158	134
Cost of goods and services sold		-27	-37
Gross profit		131	97
Selling expenses		-7	0
Research and development expenses		-8	-14
Administrative expenses	7	-159	-96
Other operating income	11	287	0
Other operating expenses	11	-1	-2
Operating profit/loss	5, 6, 7, 8, 9, 10	243	-15
Profit/loss from financial items			
Financial income	12	52	56
Financial expenses	12	-28	-30
Total financial income and expenses		24	26
Profit/loss after financial items		266	11
Group Contributions		0	61
Profit/loss before taxes		266	72
Taxes	13	0	0
Profit/loss for the year		266	72

The parent company has no items in 2021 or 2020 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, 2021	Dec. 31, 2020
Non-current assets			
Other intangible assets	15	34	36
Property, plant and equipment	16	5	7
<i>Financial and other non-current assets</i>			
Shares in Group companies	17	868	648
Deferred tax assets	13	62	62
Receivables from Group companies	30	596	949
Other financial fixed assets		0	0
Total non-current assets		1,565	1,702
Current assets			
Accounts receivable	18	16	0
Receivables from Group companies	30	112	157
Inventories	19	0	0
Other receivables		23	39
Prepaid expenses and accrued income	20	20	18
Cash and cash equivalents	21	284	72
Total current assets		454	286
Total assets		2,019	1,988

SEK m	Note	Dec. 31, 2021	Dec. 31, 2020
Equity			
Share capital	23	1	1
Statutory reserve		5	5
Total restricted equity		6	6
Share premium reserve		1,970	1,634
Retained earnings		-502	-403
Profit/loss for the year		266	72
Total non-restricted equity		1,734	1,304
Total equity		1,740	1,310
Non-current liabilities			
Interest-bearing liabilities		-	448
Interest-bearing liabilities to Group companies	30	0	0
Other non-current liabilities		17	0
Total non-current liabilities		17	448
Current liabilities			
Accounts payable		51	24
Liabilities to Group companies	30	159	157
Other liabilities		29	30
Accrued expenses and prepaid income	27	23	19
Total current liabilities		262	230
Total liabilities		279	678
Total equity and liabilities		2,019	1,988

Parent company statement of changes in equity

SEK m	Note	Restricted equity			Share premium reserve	Retained earnings	Total equity
		Share capital	Statutory reserve	Reserve for development expenditures			
Opening balance, Jan. 1, 2020		1	5	–	1,631	-409	1,228
Profit/loss for the year						72	72
Transactions with shareholders							
New share issue, exercise of warrants incentive programs		0			3		3
Sale of warrants, incentive program					0		0
Equity-settled share-based payment transactions under IFRS 2	8					6	6
Total transactions with shareholders		0			3	6	9
Closing balance, Dec. 31, 2020		1	5	–	1,634	-331	1,310
Profit/loss for the year						266	266
Transactions with shareholders							
New share issue		0			294		294
Dividend						-181	-181
New share issue, exercise of warrants incentive programs		0			42		42
Sale of warrants, incentive program					–		–
Sale of own shares						3	3
Equity-settled share-based payment transactions under IFRS 2	8					7	7
Total transactions with shareholders		0			336	-171	165
Closing balance, Dec. 31, 2021		1	5	–	1,970	-236	1,740

Parent company cash flow statement

SEK m	Note	2021	2020
Cash flow from operating activities			
Profit/loss after financial items		266	72
Adjustment for items not included in the cash flow:			
Amortization and write downs on intangible assets	9	9	11
Depreciation and write downs on property, plant and equipment	9	1	2
Unrealized exchange rate differences		-4	2
Changes in provisions		-	-
Other items not affecting the cash flow		13	0
Taxes paid		0	0
Cash flow from operating activities before change in working capital		285	87
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		0	0
Increase (-)/Decrease (+) in operating receivables		-87	-2
Increase (+)/Decrease (-) in operating liabilities		-45	-30
Cash flow from operating activities		153	54
Investing activities			
Investments in intangible assets	15	-42	-7
Investments in property, plant and equipment	16	-1	-0
Investments in/proceeds from financial assets		353	-118
Free cashflow		463	-71
Shareholders contributions paid		-119	-175
Divestments and acquisitions of shares in subsidiaries		-20	104
Cash flow after investing activities		324	-143
Cash flow from investing activities		171	-197

SEK m	Note	2021	2020
Financing activities			
Bond issue/repayment		-448	154
New share issue, net of cost		294	-
Sale/exercise of warrants, incentive program		42	4
Cash flow from financing activities		-112	158
Cash flow for the year		212	15
Cash and cash equivalents at the beginning of the year		72	57
Cash and cash equivalents at year-end	21	284	72

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, China, Japan, Great Britain, Germany, Belgium, 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, 2021

New amended standards, Covid-19-related Concessions - amendment to IFRS 16 and Interest Rate Benchmark Reform Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, have not had any material impact on Tobii's financial statements.

New standards and interpretations not yet adopted by the Group

New standards, amendments and interpretations that have been issued but that are not yet mandatory have not been early adopted and 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 two segments, Products & Solutions, and Integrations, each of which has its own distinct markets, products and customers. The Group reports each segment separately. For a more detailed description of the different segments, see pages 16–22.

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 and gross profit in its analysis of the divisions' performance. Costs for other functions, such as selling, research and development and administration, are not allocated between the segments, and are analyzed at Group level.

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.

Note 2 Continued

Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations. A discontinued operation is reported separately from continuing operations in the income statement and the cash flow statement with the corresponding presentation for the comparative period. For the balance sheet the comparative period is not affected.

Tobii Dynavox was distributed to Tobii's shareholders in December 2021 and has been recognized as a discontinued operations in accordance with IFRS 5 and IFRIC 17. Tobii Dynavox's profit until the date of distribution and the capital gain generated by the distribution was recognized on a separate line – Profit/loss from discontinued operations. Tobii Dynavox has been excluded in comparative years to notes relating to the income statement.

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	
	2021	2020	2021	2020
EUR	10.2269	10.037	10.1449	10.487
USD	9.0437	8.189	8.5815	9.204
GBP	12.179	11.087	11.802	11.798
JPY	0.0785	0.079	0.0781	0.086

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. 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.

Note 2 Continued

LEASING

The Group as a lessee

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.

The Group as a lessor

A financial leasing contract is initially recognized as a receivable on the balance sheet. The reported amount is determined as the present value of all future lease payments at the commencement date. The lessor distributes the financial income in a financial leasing agreement so that an even interest rate is obtained in each period on the net investment in a financial leasing agreement that the company has. Leasing income from any operational leasing agreement is recognized as revenue on a straight-line basis over the leasing period.

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

Note 2 Continued

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.

Note 2 Continued

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.

The 2021 Long-Term incentive program (LTI 2021) consists of stock units where a stock unit entitles the participant, subject to certain conditions being met, to receive one performance share free of charge. The 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.

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.

Note 2 Continued

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 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	2021	2020
USD	211	273
EUR	30	96
JPY	36	45
GBP	70	52
Other	13	8
Total	360	474

A change in the exchange rate in relation to SEK by +/- 10% in USD, EUR, GBP, JPY and other currencies in the consolidated balance sheet would impact the balance sheet by +/- SEK 36 (47) 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. During 2021 the company redeemed the SEK 450 million outstanding Bond.

Based on the interest-bearing assets and liabilities at the close of 2021, an increase of one percentage (100 basis points) is calculated to have an impact on earnings by SEK +4.4 million (-0.3).

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, 2021 amounted to SEK 438 (410) million. Of the total amount of cash and bank, SEK 42 million (42) 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, 2021 amounted to SEK 140 (207) 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 October 2021, the bond was fully redeemed, and a new share issue was carried out. At the same time Tobii Dynavox repaid a long term loan to Tobii AB.

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 targets. Tobii's has an active acquisition strategy 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. 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 of goodwill, capitalized product development costs and trademarks in accordance with the Company's accounting policies. The test requires an estimation of parameters that affect future cash flows 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, 2021, the carrying amount of right-of-use assets was SEK 66 million (88), of which SEK 66 million (86) 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 65 million (117) 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 segment

Pursuant to the divestment of Tobii Dynavox and the organizational merger of Tobii Pro and Tobii Tech, Tobii's reporting structure has changed. Going forward Tobii will report two segments, Products & Solutions, and Integrations. For each segment will be reported revenue, gross profit and gross margin, which corresponds to the key ratios monitored by Group Management. Research and development, sales and marketing as well as central functions can now be leveraged across the whole company and will not be allocated to any segment. Financial items and taxes are not allocated to any segment.

Products & Solutions

The segment comprises hardware products, software products and services and the customers include both B2B customers and consumers. Hardware products consist of a suite of eye tracking products including the flagship eye tracking glasses Tobii Pro Glasses 3, research-grade screen-based eye trackers such as Pro Spectrum and Pro Fusion as well as the consumer gaming device Tobii Eye Tracker 5. In addition, the segment also includes the software Tobii Pro Lab, Sticky and the consultancy service Tobii Pro Insight.

INTEGRATIONS

This segment comprises integration of Tobii solutions into customer's products, and it includes both software and hardware components. These integrations are deployed in a range of devices from gaming laptops and medical assessment tools to virtual reality headsets. The business within this segment is still relatively young with innovative customers with products in very different stages of development.

SALES BY SEGMENT

SEK m	2021	2020
Products & Solutions	459	405
Integrations	157	173
The Group	616	578

GROSS MARGIN, %

SEK	2021	2020
Products & Solutions	72	77
Integrations	71	57
The Group	72	71

GROSS PROFIT

SEK m	2021	2020
Products & Solutions	332	313
Integrations	112	99
The Group	444	411

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	2021	2020
Sweden	53	50
Europe	139	107
USA and Canada	158	151
Asia/Oceania	263	265
Other countries	4	4
Total	616	578

Note 5 Continued

SALES BY PRODUCT TYPE

SEK m	2021	2020
Goods	495	452
Services	107	114
Royalties	14	11
Total	616	578

SALES BY TIMING CATEGORY

SEK m	2021	2020
At a point in time	604	565
Over time	12	13
Total	616	578

NON-CURRENT ASSETS BY COUNTRY

SEK m	2021	2020
Sweden	424	628
USA	11	179
United Kingdom	27	26
Other countries	66	28
Total	528	861

Note 6. Rents and leases

SEK m	Buildings	Vehicles	Other	Total
Opening values 1 januari 2021	136	2	2	140
This years added contracts Leasing	67	-	-	67
Canceled leasing contracts	-9	-	-	-9
Acquisitions Leasing	-71	-	-	-71
Reclassifications	-	-	-	-
Exchange difference Leasing	6	-	-	6
Closing accumu contracts value 31 december 2021	130	1	2	133
Opening accumulated depreciation Leasing 1 januari 2021	-51	-1	-	-52
Canceled leasing contracts	20	-	-1	19
Depreciation for the year Leasing	-32	-	-	-32
Reclassifications	-	-	-	-
Exchange difference Leasing	-1	-	-	-1
Closing accumu depreciation per 31 dec 2021	-64	-	-	-65
Closing ammount 31 december 2021	66	-	-	66

SEK m	Buildings	Vehicles	Other	Total
Opening values 1 januari 2020	122	1	2	125
This years added contracts Leasing	28	1	-	29
Canceled leasing contracts	-1	-	-	-1
Acquisitions Leasing	-	-	-	-
Reclassifications	-	-	-	-
Exchange difference Leasing	-12	-	-	-12
Closing accumu contracts value 31 december 2020	136	2	2	140
Opening accumulated depreciation Leasing per 1 januari 2020	-27	-	-	-27
Canceled leasing contracts	-	-	-	-
Depreciation for the year Leasing	-27	-1	-	-28
Reclassifications	-	-	-	-
Exchange difference Leasing	3	-	-	3
Closing accumu depreciation per 31 dec 2020	-51	-1	-	-52
Closing ammount 31 december 2020	86	1	1	88

Amount reported in income statement	2021	2020
Depreciation for the year Leasing	-27	-20
Interest expenses Lesing contracts	-2	-2
Expenses discontinued operations	-9	-12

Lease liability	Buildings	Vehicles	Other	Total
2021-12-31				
Longterm leasing contracts	48	1	0	49
Shortterm leasing contracts	28	0	1	28
Leasing liabilities 2021-12-31	76	1	1	77

2020-12-31	Buildings	Vehicles	Other	Total
Longterm leasing contracts	63	0	0	63
Shortterm leasing contracts	25	0	0	25
Leasing liabilities 2020-12-31	88	0	0	88

Expiration time	2021-12-31	2020-12-31
1 year	28	25
2 year	22	37
3 year	16	20
4 year	7	4
5 year	2	2
Longer then 5 years	2	-
Total	77	88

Note 7. Total audit fees

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
PricewaterhouseCoopers				
Audit engagement	2	2	2	2
Audit activities not included in audit engagement	5	–	5	–
Tax consultancy services	–	–	–	–
Other services	1	0	1	0
Total	8	2	8	2
Other auditors				
Audit engagement	0	1	0	–
Audit activities not included in audit engagement	–	–	–	–
Tax consultancy services	1	0	0	–
Other services	0	–	0	–
Total	1	1	0	–
Total audit fees	9	3	8	2

Note 8. Employees and staff costs

Average number of employees	2021		2020	
	2021	Of which women %	2020	Of which women %
The Parent Company				
Sweden	87	50%	91	48%
Other countries				
Parent company total	87	50%	91	48%
Average number of employees				
Subsidiaries				
Sweden	241	27%	287	26%
US	40	50%	44	52%
Chile	8	46%	8	46%
UK	6	37%	7	38%
Germany	9	33%	9	43%
Switzerland	6	0%	6	0%
Japan	47	37%	38	38%
China	55	58%	53	58%
Taiwan	12	24%	11	29%
South Korea	0	100%	3	33%
Singapore	1	0%	3	0%
Belgium	1	47%	–	–
Subsidiaries total	425	34%	469	33%
Total average no. of employees	512	37%	560	36%

WAGES, SALARIES AND SOCIAL SECURITY CONTRIBUTIONS

Wages, salaries and remuneration SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Board, CEO and other senior executives	20	16	12	8
Other employees	351	346	51	48
Total wages, salaries and remuneration	371	362	63	57
Pension expenses	29	31	6	6
Other social security contributions ¹⁾	97	98	21	19
Total social security contributions	126	129	27	25
Total salaries, remunerations and social security contributions	497	491	90	82

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

Note 8 Continued

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

SEK m 2021	Board fee/ Basic salary	Defined- contribution benefits	Tobii's incentive program	Variable remuneration	Share-based com- pensation (accord- ing to IFRS 2)	Total
Kent Sander	0.7					0.7
Heli Arantola	0.3					0.3
Åsa Hedin	0.3					0.3
Charlotta Falvin	0.3					0.3
Nils Bernhard	0.6					0.6
Jan Wäreby	0.3					0.3
Jörgen Lantto	0.3					0.3
Mårten Skogö	0.0			0.0		0.0
Total, Board of Directors²⁾	2.8			0.0		2.8
Henrik Eskilsson, CEO	3.0	0.8	0.9	1.0	0.8	6.5
Anand Srivatsa, CEO	0.3	0.0			0.2	0.5
Tom Englund, Deputy CEO	0.8	0.2	0.6		0.1	1.7
Senior executives (4 individuals) ¹⁾	8.4	1.3	0.6	1.7	3.0	14.9
Total senior executives	12.5	2.2	2.1	2.7	4.1	23.6
Total remuneration to the Board of Directors, as well as the Group's CEO and other senior executives	15.3	2.2	2.1	2.7	4.1	26.5

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

Tom Englund left the Group Management Team at the end of May, his compensation up to that point is presented in the table.

In December 2021 Tobii Dynavox was distributed to the shareholders, and at the same time the Group Management Team was reformed.

Anand Srivatsa succeeded Henrik Eskilsson as CEO in December. Anand was previously part of the Management Team.

In December Jonas Jakstad, Gunnar Troili, Emma Bauer and Ann Emilsson were appointed to the Group Management Team. Their compensation for December is included in the table.

Fredrik Ruben left the company to head Tobii Dynavox as CEO, his compensation up to that point is included on the Senior executives line above.

²⁾ In December, Henrik Eskilsson was appointed to the Board of Directors.

Note 8 Continued

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 com- pensation (accord- ing 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					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
Other 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 Elvesjö resigned as a Board member in connection with the Annual General Meeting in May 2020.

Note 8 Continued

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

THOUSAND	Warrants		Employee stock options	
	2021	2020	2021	2020
At beginning of year	2,178	2,914	915	956
Allocated	–	–	–	–
Exercised	-618	-136	-126	–
Forfeited/due	-143	-600	-40	-41
Reclassification	–	–	–	–
At year-end	1,417	2,178	749	915

THOUSAND	Stock units	
	2021	2020
At beginning of year	795	–
Allocated	575	647
Exercised	-86	–
Due	-70	-4
Stock units issued to cover any costs for social security contributions	–	153
At year-end	1,214	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.

Due to the distribution of Tobii Dynavox to Tobii AB's shareholders the incentive programs have been recalculated in January 2022 to reflect the new share price (in relation to the Tobii Dynavox share price). This resulted in an increase of the total number of instruments in the incentive programs. Due to the distribution, the LTI 2020 and LTI 2021 programs for Dynavox employees will also be terminated. In the terms for each program below, both the old and the new number of instruments will be presented.

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 91,719 employee stock options outstanding in this series. Recalculated for the Dynavox distribution the number of outstanding stock options are 169,258 and the price per share is 10.84.

LTI 2016:2 series entitles the employee stock option holder to subscribe for one Tobii AB share at a price of SEK 66.10 per share during a fixed period between 2020 and 2026. There are a total of 117,728 employee stock options outstanding in this series. Recalculated for the Dynavox distribution the number of outstanding stock options are 217,255 and the price per share is 35.85.

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. All remaining warrants have been exercised or terminated during 2021.

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 77,000 employee stock options outstanding in this series. Recalculated for the Dynavox distribution the number of outstanding stock options are 142,096 and the price per share is 30,45.

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 738,644 warrants outstanding in this series. Recalculated for the Dynavox distribution, the number of outstanding warrants are 1,363,094 and the price per share is 27.96.

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 209,500 employee stock options outstanding in this series. Recalculated for the Dynavox distribution, the number of outstanding stock options are 386,611 and the price per share is 21.51.

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. Recalculated for the Dynavox distribution the number of outstanding warrants are 1,204,275 and the price per share is 22.60.

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 279,000 employee stock options outstanding in this series. Recalculated for the Dynavox distribution the number of outstanding stock options are 514,867 and the price per share is 18.86.

Note 8 Continued

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, and that certain performance criterias are met.

In total, 559,200 stock units have been issued, of which 238,515 are contingent synthetic stock units that are issued to cover the participants' costs for taxes. In addition, approximately 115,725 shares will be issued to cover the company's costs for social security contributions.

Per the recalculated program, 1,031,948 stock units have been issued, of which 440,156 synthetic stock units. Approximately 213,559 shares will be issued to cover costs for social security contributions.

The LTI 2021 series entitles program participants to convert stock units into performance shares on 31 May 2023, 31 May 2024 and 31 May 2025 free of charge, provided that average share price during the three months preceding each vesting date exceeds SEK 58.36 and that they are still employed with the Tobii Group on these respective occasions.

In total, 443,420 stock units have been issued. In addition, approximately 96,036 shares will be issued to cover the company's costs for social security contribution.

Per the recalculated program, 818,287 stock units have been issued, and approximately 177,225 shares will be issued to cover costs for social security contributions. The average share price has been recalculated to 31.62.

Dilution

During the year the average number of potential outstanding shares (recalculated due to the Dynavox divestment) amounted to 5,005,449. 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 (recalculated) during 2021 was SEK 35.25. The average number of outstanding shares during the year was 100,322,565 and the diluted average number of outstanding shares was 105,328,014. The dilution effect of warrants in all of the Company's incentive programs corresponds to a maximum of approximately 5.4%.

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 has a mutual notice period of six months and severance pay corresponding to six 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 four 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	
	2021	2020	2021	2020
Intangible assets (Note 15)	125	106	7	11
Tangible assets (Note 16)	35	27	2	2
Total depreciation/ amortization/impairment	160	133	9	13
Impairment (Notes 15–16)	–	–	–	–
Total depreciation/ amortization/impairment	160	133	9	13

Note 10. Expenses by type

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Cost of materials and inventory changes	82	74	–	–
Costs for employee remuneration (Note 8)	497	491	90	82
Other external expenses	82	104	102	52
Depreciation, amortization and impairments (Note 9)	160	133	9	13
Total expenses	820	802	201	147

Note 11. Other operating income and operating expenses

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Other operating income				
Exchange rate differences in operating receivables and liabilities	6	14	0	-
Other income	15	5	287	0
Total other operating income	21	19	287	0
Other operating expenses				
Exchange rate differences in operating receivables and liabilities	-4	-23	-1	-2
Other expenses	0	-1	0	0
Total other operating expenses	-4	-24	-1	-2
Total other income and expenses	17	-5	286	-2

Note 12. Financial income and expenses

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Financial income				
Interest income and similar profit/loss items	1	1	0	0
Interest income, subsidiaries			42	46
Divestment of shares in subsidiaries			3	10
Dividends from subsidiaries			0	0
Exchange rate differences	32	20	6	-
Other	-	-	-	-
Total financial income	33	21	52	56
Financial expenses				
Interest expenses and similar profit/loss items	-16	-12	-26	-28
Exchange rate differences	-11	-43	-2	-2
Other	-	-	-	-
Total financial expenses	-27	-55	-28	-30
Total financial income and expenses	6	-34	24	26

Note 13. Taxes

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Current tax	-2	-2	0	-0
Current tax attributable to previous years	-1	-0	-	-
Total current tax	-3	-2	0	-0
<i>Deferred tax</i>				
Attributable to deferred tax assets	-0	1	-0	-
Attributable to deferred tax liabilities	-	-	-	-
Total deferred tax	-0	1	-0	-
Total tax	-3	-1	-0	-0
<i>Deferred tax assets</i>				
Inventories	0	1	-	-
Non-current assets	3	3	-	-
Loss carry-forwards	62	113	62	62
Total deferred tax assets	65	117	62	62
<i>Deferred tax liabilities</i>				
Other	-	2	-	-
Total deferred tax liabilities	-	2	-	-

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 720 million and SEK 633 million at the close of 2021 and 2020, respectively. 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 USA amount to SEK 97 million (87) 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 623 million (546) and have no expiration date.

RECONCILIATION OF EFFECTIVE TAX

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Reported profit/loss before tax	-181	-264	266	72
Tax according to current tax rate	37	56	-55	-16
Difference in tax rate in foreign operations	-1	-1	-	-
Tax effect of non-deductible expenses	-3	-1	-1	-0
Tax effect of non-taxable income	1	3	0	2
Tax effect of interest deduction limitation	-0	1	3	4
Tax loss without corresponding tax asset	-40	-59	-	-
Prior year deficits for which tax asset is recognized	-	-	-	-
Use of previous year's deficit without tax asset	1	0	52	10
Adjustment of taxes attributable to previous years	-1	-0	-	-
Other	3	0	-0	-0
Total recognized tax expense (-)/tax income (+)	-3	-1	-0	-0
Effective tax rate	-2%	0%	0%	0%

Note 14. Earnings per share

SEK m	2021	2020
Earnings per share, basic		
Net profit/loss for the year attributable to Parent Company shareholders, SEK million	3,146	-134
Weighted average number of outstanding shares during the year	100,322,565	99,040,923
Earnings per share, basic, SEK	31.36	-1.36
- whereof continuing operations	-1.83	-2.67
Earnings per share, diluted		
Net profit/loss for the year attributable to Parent Company shareholders, SEK million	3,146	-134
Weighted average number of outstanding shares during the year, diluted	105,328,014	100,106,487
Earnings per share, diluted, SEK ¹⁾	29.87	-1.36
- whereof continuing operations ¹⁾	-1.83	-2.67

¹⁾ Dilution occurs when earnings per share is negatively affected by outstanding potential shares. Where the Group has a loss for the year, 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

SEK m	2021	2020
Weighted average number of outstanding shares, basic	100,322,565	99,040,923
Effect of outstanding potential shares in the Group's long-term incentive program (Note 8)	5,005,449	1,065,564
Weighted average number of outstanding shares, diluted	105,328,014	100,106,487

Note 15. Intangible fixed assets**GOODWILL**

SEK m	The Group	
	2021	2020
Opening acquisition cost	66	69
Acquisitions	34	–
Divestment of business	-12	–
Translation differences	2	-4
Closing cost	90	66
Opening accumulated impairment	-24	-25
Impairment for the year	–	–
Divestment of business	12	–
Translation differences	0	1
Closing accumulated impairment	-12	-24
Net carrying value	78	42

CAPITALIZED PRODUCT DEVELOPMENT COSTS

SEK m	The Group	
	2021	2020
Opening acquisition cost	1,245	1,088
Investments	187	160
Acquisitions	6	–
Divestment of business	-568	–
Translation differences	1	-3
Closing cost	871	1,245
Opening accumulated depreciation	-814	-663
Acquisitions	-2	–
Amortization for the year (Note 9)	-174	-154
Divestment of business	375	–
Translation differences	-1	3
Closing accumulated depreciation	-617	-814
Net carrying value	254	431

TRADEMARKS

SEK m	The Group	
	2021	2020
Opening acquisition cost	93	99
Acquisitions	0	–
Divestment of business	-95	–
Translation differences	2	-6
Closing acquisition cost	0	93
Net carrying value	0	93

Note 15 Continued

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.

Due to the divestment of Tobii Dynavox and the operational merger of Tobii Pro and Tobii Tech, per December 31, 2021, there is just one cash generating unit, Tobii Group.

The following assumptions are used for the impairment test:

Tobii Group

Cash flow forecasts for years 2–5 are based on an annual growth rate of 18-34%. Cash flows beyond the five-year period are extrapolated using an estimated long-term growth rate of 2%. The discount rate used for calculating recoverable amounts is 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. According to the impairment test carried out, there is no need for impairment of intangible assets with indeterminate useful lives as per December 31, 2021.

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.

OTHER INTANGIBLE FIXED ASSETS¹⁾

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Opening acquisition cost	83	76	82	75
Investments	43	7	42	7
Acquisitions	0	–	–	–
Reclassification	–	1	–	–
Divestment of business	-41	–	-38	–
Translation differences	0	0	–	–
Closing acquisition cost	86	83	86	82
Opening accumulated depreciation	-46	-34	-46	-35
Amortization for the year (Note 9)	-6	-11	-6	-11
Acquisitions	-0	–	–	–
Reclassification	–	-1	–	–
Divestment of business	1	–	–	–
Translation differences	0	0	–	–
Closing accumulated depreciation	-52	-46	-52	-46
Net carrying value	34	38	34	36

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

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

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Opening acquisition cost	188	196	18	18
Investments	15	32	0	0
Sale/disposal	-8	-18	-	-
Divestment of business	-156	-	-	-
Reclassification	-	-3	-	-
Translation differences	8	-19	-	-
Closing acquisition cost	47	188	18	18
Opening accumulated impairment	-142	-148	-11	-9
Sale/disposal	6	17	-	-
Divestment of business	136	-	-	-
Depreciation for the year (Note 9)	-28	-26	-2	-2
Reclassification	-	-0	-	-
Translation differences	-6	15	-	-
Closing accumulated depreciation/amortization	-34	-142	-13	-11
Net carrying value	13	46	5	7

RIGHT-OF-USE ASSETS

The net book value of right-of-use assets at year-end amounts to SEK 66 (88) million, of which SEK 66 (86) million relates to buildings. Additions for the year amount to SEK 26 (0) million and depreciation for the year amounts to SEK -27 (-20) million.

Note 17. Shares in Group companies

SEK m	The Parent Company	
	2021	2020
Acquisition cost		
Opening value at the beginning of the year	648	508
Acquisitions	37	1
Shareholder contributions	327	292
Sales	-144	-153
Total acquisition cost	868	648

Subsidiary to Parent company	No of shares	Ownership interest, %	Carrying amount	
			Dec. 31, 2021	Dec. 31, 2020
Tobii Dynavox AB, 556914-7563, Sweden	50,000	100		68
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	103	58

Note 17 Continued

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	714	507	
Tobii Tech LLC, 83-1898444, USA		100			
Tobii Technology GmbH, HRB 78844, Germany	1	100	0	0	
Tobii Technology Options AB, 556740-3364, Sweden	100,000	100	0	0	
Tobii Electronics Technology Suzhou Co. Ltd. 91320594681609152B, Suzhou, China	1	100	10	10	

Tobii Electronics Trading Suzhou Co. Ltd., 913205945725628424, Suzhou, China	1	100	2	2	
Tobii Co. Ltd., 43904695, Taipei, Taiwan	1	100	1	1	
Tobii Holding AB, 559104-1040, Sweden	50,000	100	0	0	
Tobii Switzerland AG, CHE- 151.757.781, Switzerland	1,000	100	1	1	
Phasya S.A. , 0505.986.246, Liège, Belgium	1,000	100	37		
Total acquisition cost in subsidiaries			868	648	

Note 18. Accounts receivable

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Accounts receivable	140	207	18	3
Accounts receivable, subsidiaries	–	–	30	27
Bad debts provision	-7	-8	-2	-3
Total accounts receivable	132	199	46	27

Maturity analysis

Not yet due	109	149	44	27
1–30 days overdue	11	14	–	–
31–60 days overdue	5	13	–	–
61–90 days overdue	2	5	–	–
Over 90 days overdue	13	27	4	3
Closing balance	140	207	48	30

Changes in the reserve for doubtful accounts receivable:

As at January 1	8	7	3	3
Provision for bad debts	7	6	2	–
Receivables written off during the year as uncollectible	-0	-0	–	–
Reversal of unused amount	-8	-4	-3	-1
Exchange rate effect	0	-0	–	0
At December 31	8	8	2	3

Note 19. Inventories

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Raw materials and consumables	2	6	-	-
Finished products	43	48	-	0
Work in process	9	4	-	-
Advances to suppliers	1	1	-	-
Total inventories	55	88	-	0

Note 20. Prepaid expenses and accrued income

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Prepaid royalties	-	-	-	-
Prepaid rent/leasing	6	6	5	5
Prepaid insurance	1	6	1	1
Prepaid license fees	13	13	13	11
Prepaid marketing expenses	4	4	0	0
Prepaid IT costs	1	1	0	0
Prepaid personnel costs	1	1	2	1
Prepaid renovation costs	1	1	-	-
Accrued income	4	2	-	0
Other items	-1	6	0	0
Total prepaid expenses, accrued income	30	42	20	18

Note 21. Cash and cash equivalents income

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Short-term investments ¹⁾	42	42	42	42
Cash and cash equivalents	396	368	242	30
Total cash and cash equivalents	438	410	284	72

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

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	Note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
At fair value through the income statement:					
Contingent purchase consideration (level 3)		6	6	37	37
At amortized cost:					
Other financial fixed assets		18	18	5	5
Accounts receivable	18	132	132	199	199
Other receivables		34	34	19	19
Cash and cash equivalents	21	438	438	410	410
Total financial assets		628	628	670	670

SEK m	Note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities					
At fair value through the income statement:					
Contingent purchase considerations (level 3)		17	17	1	1
At amortized cost:					
Accounts payable		90	90	85	85
Interest-bearing loans (level 3)		17	17	464	466
Leasing liabilities		77	77	88	88
Other liabilities, non-interest-bearing		71	71	105	105
Total financial liabilities		272	272	743	745

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	2021	2020
Receivables		
Opening balance January 1	37	-
Payment	-37	-
Divestments for the year	-	38
Change in fair value recognized in other operating income/expense	3	-
Exchange rate differences	3	-1
Closing balance December 31	6	37
Liabilities		
Opening balance January 1	1	14
Acquisitions during the year	17	-
Payment	0	-
Reversal of capital gains/loss on divestment	-	-9
Change in fair value recognized in other operating income/expense	-1	-3
Exchange rate differences	0	-1
Closing balance December 31	17	1

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
2021 New share issue, C-shares	7	726	99,964,087
2021 New share issue	36	762	104,922,765
2021 Rights issue, exercise of warrants	5	767	105,665,201

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 total number of shares amounts to 105,665,201 with a quotient value of SEK 0.0073 at December 31, 2021. The shares are divided between 814,000 C-shares and 104,851,201 ordinary shares.

During the year the company issued 900,000 C-shares, as hedge for the company's LTI 2020 program. The C-shares were repurchased by the company. The C-shares carry 1/10 of a vote and do not entitle to any dividend. During the year 86,000 C-shares have been converted to ordinary shares as part of the LTI program.

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 2021.

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	
	2021	2020	2021	2020
Provisions for warranties				
At beginning of year	2	2		-
Provisions during the year	0	0		-
Sales to Group companies	-	-		-
Reversals during the year	-1	-1		-
Utilized during the year	-1	-		-
Reclassification	-	-		-
Translation differences	-	-		-
Total provisions for warranties	0	2		-
<i>Other provisions</i>				
At beginning of year	2	2		-
Provisions during the year	1	-		-
Reversals during the year	-1	-2		-
Translation differences	-	0		-
Total other provisions	-	1		-
Total provisions	2	2		-

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

SEK m	> 1 year			Total
	< 1 year	< 5 years	> 5 years	
Interest-bearing loans	-	17	-	17
Leasing liabilities	29	52	1	82
Accounts payable	90	-	-	90
Contingent considerations	-	17	-	17
Total	119	86	1	206

Note 27. Total accrued expenses and deferred income

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Accrued income, current portion	26	136	0	0
Accrued personnel expenses	59	92	18	11
Other accrued expenses	21	37	5	8
Total accrued expenses and deferred income	106	265	23	19

Note 28. Pledged assets and contingent liabilities

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Pledged assets				
For senior bonds issued ¹⁾	–	796	–	633
Other	–	0	–	0
Total pledged assets	–	796	–	633
Contingent liabilities	–	–	–	–

¹⁾ As of December 31, 2020 the total amount of outstanding bonds was SEK 450 million. The Parent Company Tobii AB was the issuer of the bond loan. The Bonds were secured by collateral in shares in Tobii Dynavox AB, Tobii Pro AB, and Tobii Tech AB. On October 21, 2021, the Bond was fully redeemed. Thus there are no collaterals as of December 31, 2021.

Note 29. Supplementary disclosures to the cash flow statement

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Interest paid and received				
Interest received	13	1	0	0
Interest paid	-22	-21	-19	-24
Total interest paid and received	-8	-20	-19	-24

Note 30. Transactions with related parties

Tobii has neither pledged assets nor contingent liabilities related to senior executives or the Board of Directors. For information concerning remuneration to senior executives and Board members, refer to note 8. No related-party transactions have occurred during the year 2021. The same applied for the year 2020.

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

SEK m	The Group		The Parent Company	
	2021	2020	2021	2020
Sales to related parties, subsidiaries	–	–	150	134
Purchase from related parties, subsidiaries	–	–	10	43
Receivables from related parties, subsidiaries	–	–	708	1,106
Liabilities to related parties, subsidiaries	–	–	159	157

Note 31. Discontinued operations

On October 25, 2021 and extraordinary General Meeting approved the distribution of Tobii Dynavox AB to Tobii AB's shareholders. The distribution was completed during December and the shares of Tobii Dynavox AB were listed on Nasdaq Stockholm on December 9, 2021. The gain from the distribution has been calculated as the difference between the carrying amount of the assets distributed and the fair value of the dividend, corresponding to the market value of Tobii Dynavox AB at listing. All related effects are referred to as Discontinued operations in the report. The financial information presented below consists of Tobii Dynavox's contribution to the Tobii Group consolidated financial information.

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.

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. The contingent consideration has now been agreed and Tobii will receive the full amount, GBP 3.5 million, of which GBP 3.0 million was received during 2021.

INCOME STATEMENT DISCONTINUED OPERATIONS

SEK m	2021	2020
Revenue	778	964
Cost of goods and services sold	-267	-341
Gross profit	511	623
Selling expenses	-288	-302
Research and development expenses	-105	-114
Administrative expenses	-72	-86
Other operating income and operating expenses	2	-2

Operating profit/loss (EBIT)	49	120
Net financial items	-13	-21
Profit/loss before tax	36	99
Tax	-7	37
Net profit/loss for the period, discontinued operations	29	136
Gain from distribution of Tobii Dynavox	3 301	-
Loss from divestment of Smartbox	-	-5
Net profit/loss for the period from discontinued operations	3 330	131

BALANCE SHEET DISCONTINUED OPERATIONS INCLUDED IN CONSOLIDATED BALANCE SHEET

SEK m	2021	2020
Intangible assets	-	277
Tangible fixed assets	-	31
Right-of-use assets	-	50
Financial and other non-current assets	-	371
Total non-current assets	-	729
Accounts receivable	-	165
Inventories	-	40
Other current receivables	-	338
Cash and cash equivalents	-	173
Total current assets	-	716
Total assets	-	1,445
Interest-bearing loans	-	378
Non-current leasing liabilities	-	43
Other non-current liabilities	-	88
Total non-current liabilities	-	509
Leasing liabilities	-	9
Other current liabilities	-	612
Total current liabilities	-	621
Total liabilities	-	1 130

CASH FLOW FROM DISCONTINUED OPERATIONS

SEK m	2021	2020 ¹
Cash flow from operating activities	54	225
Cash flow from investments	-115	-105
Cash flow from financing activities	250	15
Cash flow for the period	188	135

¹ Includes both Dynavox and Smartbox

RECOGNIZED VALUE OF DIVESTED ASSETS AND LIABILITIES

SEK m	2020 ²
Intangible assets	141
Property, plant and equipment	3
Investories	2
Current receivables	24
Cash and cash equivalents	25
Deferred tax liabilities	-8
Liabilities and provisions (current)	-26
Net carrying value	162

² Only includes Smartbox

Note 32 Business combinations

On August 9, 2021, Tobii acquired all shares in Phasya SA, a private company registered in Liège, Belgium. Phasya's technology and long experience within development and validation of algorithms to assess cognitive states is highly complementary to Tobii's expertise and eye tracking technology. This will enhance Tobii's Driver Monitoring System, Tobii DMS. It also opens new opportunities for using cognitive state information in several markets, such as VR, AR, scientific research, and gaming, providing substantial synergies. The company currently collaborates with numerous customers within automotive, technology, and aviation, as well as with leading industry associations providing key relationships for Tobii and Phasya to build on.

Phasya is in its early pre-revenue commercialization phase. By leveraging its resources and capabilities, Tobii will be able to accelerate the commercialization of Phasya's offering. Tobii expects the business to scale rapidly, driven by integrations of the algorithms in Tobii's existing solutions as well as in new applications, and with the mass market adoption for automotive DMS expected in 2024/25.

The purchase price for the company is shown in the table below. The acquisition analysis is preliminary pending final valuation of the acquired assets and liabilities.

SEK m	Aug 9 2021
Cash	20
Contingent consideration	17
Total purchase price	37
Fair value of acquired assets and liabilities	-3
Goodwill	34
Acquired assets and liabilities:	
Intangible assets (excl. Goodwill)	4
Tangible fixed assets	1
Current assets	3
Accounts payable and other payables	-5
Total acquired assets and liabilities	3

The total consideration for the acquired net assets amounted to EUR 3.6 million. A cash payment of EUR 1.9 million was paid at acquisition date. The agreed upon contingent consideration relates to performance over the coming five years. The maximum contingent consideration amounts to EUR 1.7 million. Tobii's management assesses that the fair value of the contingent consideration is EUR 1.7 million.

Goodwill of SEK 34 million is reported and refers to the future potential of the company's technology and products.

Revenues from the Phasya business during the period from acquisition up to and including December 31, 2021, amounted to SEK 0 million and operating profit for the same period was SEK -2 million. If the acquisition had taken place on January 1, 2021, the company would have contributed revenue of SEK 2 million and operating profit of SEK -3 million for the year.

Transaction costs incurred for the acquisition amounted to approximately SEK 1 million and are included in administrative expenses in the consolidated income statement.

Note 33 Events after the end of the reporting period

On April 1, 2022, Tobii Tech AB and Tobii Pro AB have been merged with Tobii AB.

Tobii announced that it is in negotiation with Sony Interactive Entertainment to be the eye tracking technology provider in their new VR headset, PlayStation VR2 (PS VR2).

The war in Ukraine with related sanctions on Russia and Belarus started after the end of the period. Tobii had 25 colleagues within R&D working from Ukraine at that time, and we have focused on supporting them in the best possible way. The impact on our R&D progress and revenues has been 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 27, 2022
Tobii AB

Kent Sander
Chairman of the Board

Heli Arantola
Member

Nils Bernhard
Member

Jan Wäreby
Member

Jörgen Lantto
Member

Charlotta Falvin
Member

Henrik Eskilsson
Member

Anand Srivatsa
CEO

Our auditor's report was submitted on April 27, 2022
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 25, 2022.

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 Maj 2, 2022.

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 2021. The annual accounts and consolidated accounts of the company are included on pages 56-100 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 2021 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 2021 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. 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 income statement and 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).

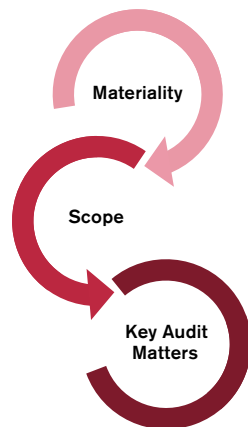
Basis for Opinions

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: MSEK 9 which approximates 5% of the Group's result before tax.

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 management 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	MSEK 9 (14)
How we determined this level	The materiality level is based on approximately 5 percent of the Group's result before tax
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 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.

KEY AUDIT MATTER

Valuation of capitalized development costs

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

Capitalised expenses for product development in the amount of MSEK 254 comprise a significant portion of Tobii Group's balance sheet as at the end of December 2021. 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 a major significance in the testing of impairment requirements. These include the assumptions regarding sales growth, margin developments and the discount rate (WACC).

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 if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

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

Valuation of deferred tax

We refer to Notes 2 Summary of important accounting principles, 4 Important estimates and assessments when applying the accounting policies, and 13 Taxes.

The deferred tax asset amounted to MSEK 65 as at the end of December 2021. 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.



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' 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 if the accounting principles and disclosures in the annual report are correct and in accordance with IFRS.

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

Revenue recognition – cut-off

We refer to the Notes 2 Summary of important accounting principles, 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 Group's revenue amounts to MSEK 616 in 2021. 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. 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.

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.

Our audit procedures included the following:

- Analysis of revenues as compared with the prior period and the expectation.
- We have tested, on a random basis, the reported revenue against agreements or customer orders 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 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 if the accounting principles and disclosures in the annual report are correct 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 1-55 and 102-127. The information in "Tobii Group remuneration report 2021" to be published on the company web page at the same time as this report also constitutes other information. The Board of Directors and the Managing Director 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 Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director 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 Revisorsinspektionen's website: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

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 Managing Director of Tobii AB for 2021 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 Managing Director 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 Managing Director

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 Managing Director 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 Managing Director 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 Revisorsinspektionen's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Tobii AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Tobii AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and

Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as Tobii AB's auditor on the Annual General Meeting on 18 May 2021 and has been the company's auditor since 18 April 2005.

Stockholm, 27 April 2022
PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant
Auditor in Charge



05

Sustainability notes

- 108 | Sustainability reporting
- 117 | Compliance to the EU taxonomy
- 118 | GRI Index

Sustainability notes

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

Tobii views materiality assessment as a strategic business tool to obtain stakeholders feedback and shape sustainability strategy. Materiality assessment is very much integrated with other business processes within the management system such as ISO 14001, and ISO 9001. Gathering feedback from stakeholders is done on a continuous basis through more than one engagement channel. While a new stakeholder such as tobii Dynavox is added into the process, our most important stakeholders category will remain the same viz. Employees, Customers, Suppliers and Investors. The stakeholder category is based on those who are closely connected with our objectives and decisions may be affected based on Tobii's actions. The materiality assessment and review of internal and external stakeholders list is carried out at least once a year.

In defining the materiality topics, equal consideration has been given to identify ESG trends, industry specific standards from Sustainability Accounting Standards Board (SASB). Materiality topics are enlisted after interviews with relevant stakeholder representatives across different functions, geographies and responsibilities within the management. Materiality prioritization was carried out by applying materiality principles as per Global reporting initiative (GRI) with the stakeholder representatives. The insights gathered from the assessment were aligned with the ESG risks within the enterprise risk management (ERM) in the prioritization. The material topics were in line with the business strategy where Tobii has its biggest impact and further strengthened the sustainability strategy (ESG Strategy) in place.

Stakeholder	Engagment Channels	Aspect/Issue
Employees	Questionnaire – Eletive, work environment and other projects Employee performance review Employee satisfaction surveys Exit interviews Recruitment process Staff/manager conversations Company websites and Social Media platforms Annual reports Regular connect through all hands meeting Employee Engagement activities Leadership Forum Lunch and Learns Workshops and trainings	Talent Attraction Innovation Back to work - Work life balance Learning organization and skill development Communication and objectives - Equality, Diversity and Inclusion Well Bieng - Motivation, happiness, Health and Work Environment Product lifecycle, use of Material and Co2 emission Business Ethics
Investors	Ongoing dialogue Questionnaires on compliance Sustainability reporting ESG Analysis reports	Governance EU Taxonomy Electronic Waste Conflict Minerals Equality, Diversity & Inclusion Business ethics Economic Performance Customer Privacy - Product responsibility
Customers	Customer satisfaction and feedback surveys Ongoing dialogue Customer service and Support cases	Data security and customer privacy Reduce carbon emissions Business ethics Ease of use and product quality Environmental compliance - Ewaste
Supplier	Business reviews Audit program Ongoing dialogue	Peronnel safety Business ethics Supplier management

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' policy framework.

OUR IDENTIFIED TOPICS	POLICIES	PURPOSE	MONITORING/REVIEW	UNGC TEN PRINCIPLE	RESPONSIBILITY
SOLUTIONS FOR A BETTER FUTURE 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 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

OUR IDENTIFIED TOPICS	OUR IDENTIFIED TOPICS	PURPOSE	MONITORING/REVIEW	UNGC TEN PRINCIPLE	RESPONSIBILITY
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 lifecycles 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.	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

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 is signatory member of UN Global Compact.

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 integrations in communications devices 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. The use of eye tracking is emerging in many 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.

PERFORMANCE AND CAREER DEVELOPMENT RESULT FOR 2021

404-3 Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.

Gender	Number of employees total ¹⁾	Performance/career development 2021	% of FTE
Female		145	
Male		268	
Total	680	414	61%

Type of employment	Number of employees total ¹⁾	Performance/career development 2021	% of FTE
Contractor Working As An Employee		26	
Permanent		384	
Temporary		3	
Thesis worker/Internship		1	
Total	680	414	61%

¹⁾ Total number of employees is calculated as FTE as of December 31, 2021

Health Index:

3.7 / 5.0

Employee Engagement Index:

4.0 / 5.0

DIVERSITY RESULT FOR 2021

405-1 Diversity in leading positions and employees:

Percentage of individuals within the organization's governance bodies in each of the following diversity categories

Age	CEO Office	Corporate Development	Engineering	Finance	HR	Legal	Operations	Sales & Marketing	Segments
<30	0%	0%	10%	0%	42%	0%	5%	9%	9%
30-50	60%	100%	66%	42%	42%	100%	61%	68%	69%
50<	20%	0%	8%	29%	8%	0%	13%	7%	16%
No information	20%	0%	16%	29%	8%	0%	21%	15%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Due to the split of TD/TOBII, and reorganization, the data might not be 100% accurate. However, it's cleaned and reviewed and should give a fairly correct overview

405-1 Diversity in leading positions and employees:

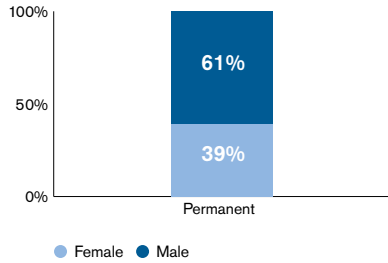
Percentage of employees per employee category in each of the following diversity categories

Age	Contractor Working As An Employee	External Consultant	Permanent	Temporary	Thesis worker/ Internship
<30	6%	2%	8%	57%	43%
30-50	39%	9%	76%	29%	0%
50<	8%	0%	11%	7%	0%
No information	47%	89%	4%	7%	57%
Total	100%	100%	100%	100%	100%

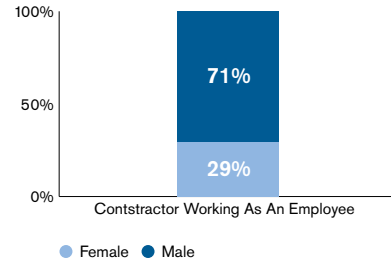
ii. Age group: under 30 years old, 30-50 years old, over 50 years old

GENDER DISTRIBUTION PER EMPLOYEE CATEGORY

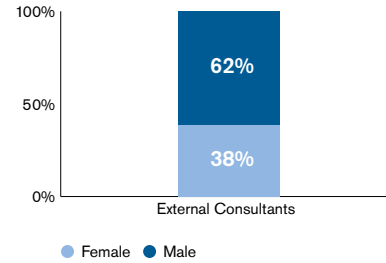
Gender Distribution Permanent Employers



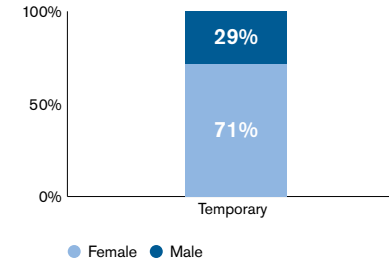
Gender Distribution Contractors working as employees



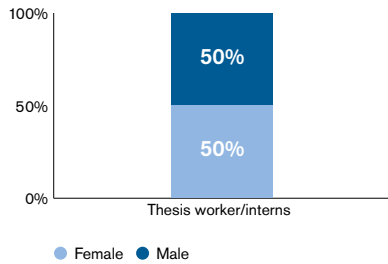
Gender Distribution External Consultants



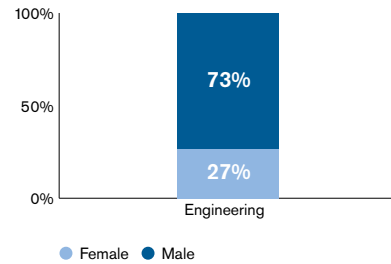
Gender Distribution Temporary employees



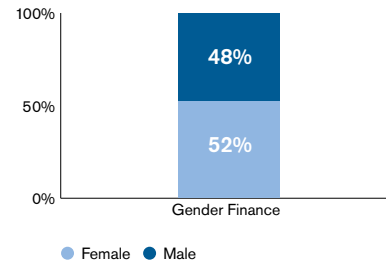
Gender Distribution Thesis workers



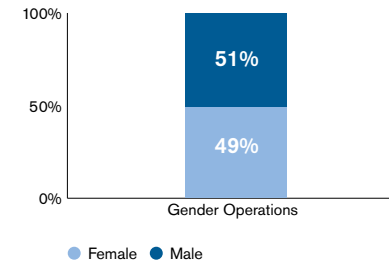
Gender Distribution Engineering



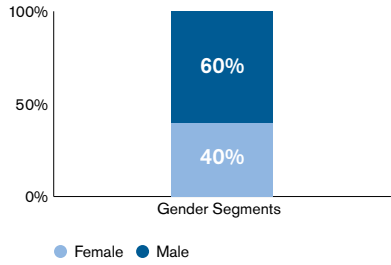
Gender Distribution Finance



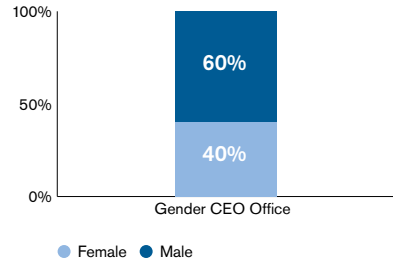
Gender Distribution Operations



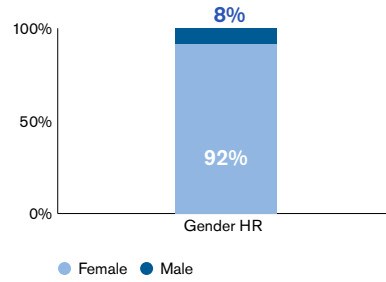
Gender Distribution Segments



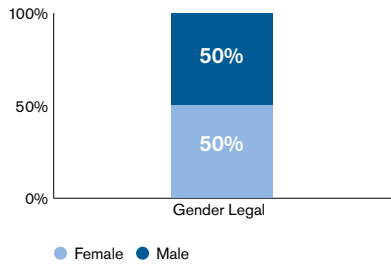
Gender Distribution CEO Office



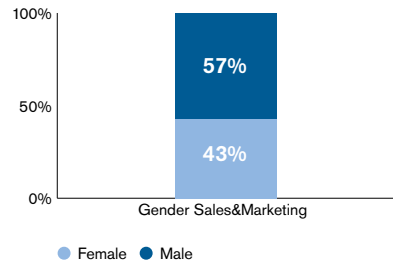
Gender Distribution HR



Gender Distribution Legal



Gender Distribution Sales & Marketing



ENVIRONMENTAL RESPONSIBILITY

Emissions, tons CO₂e	2021¹	2020	2019
Emission from energy purchased ⁴	0	0	351
Transport related emissions ⁵	182	545	834 (360)
Emission from business travels (air) ⁶	34	655	2,707
Emissions from travel to and from work ⁷	24	62	207
Emissions from leased company cars ⁸	0	17	26
Energy consumption, MWh	2021	2020	2019
Energy consumption	1,101	2,089	2,212
(Electricity, district heating and fuel consumption) ⁹			

Emissions, tons CO₂e	2021¹
Scope –1 Emissions	
Emissions from leased company cars ⁸	0
Scope-2 Emissions	
Emission from energy purchased ⁴	0
Emissions from heating	2.5
Emissions from cooling	0
Scope-3 Emissions	
Transport related emissions ⁵	182
Emission from business travels (air) ⁶	34
Emissions from travel to and from work ⁷	24
Total Emissions, tons CO₂e	242
Emissions Offset , tons CO₂e	156

¹⁾ Tobii Dynavox data has been removed from the data

⁴⁾ Energy 2021: Stockholm 0 as purchased energy comes from renewable sources,

⁵⁾ Transport related emissions for 2021 are received from the freight forwarders and include well to wheel emissions and validated through SGS. 2021 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 – Business emissions calculation comes from Egencia and partly through estimation for 2021. (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. Estimated based on 30% capacity in office 2020 and 2021.

⁸⁾ Company cars in Stockholm, data from leasing company 2020, 2019, 2018. We do not have any company leased cars for the year 2021.

⁹⁾ (Electricity, district heating and fuel consumption) for 2021, the electricity data applies to Stockholm premises. Data is from invoices from the service provider and meters for areas controlled by the landlord. Tobii dynavox data has been removed for 2021 and estimation has been done for the heating and there is no fuel consumption data as there are no leased cars.

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.

COMPLIANCE TO EU TAXONOMY

Our economic activities were evaluated against EU taxonomy regulations to assess if we contribute to the two environmental objectives, climate change mitigation and climate change adaptation for which screening criteria's have been established by EU. The results showcased that, Tobii's economic activities are not yet covered by the EU taxonomy regulation requirements. However, at Tobii, we drive environmental improvements through a robust sustainable strategy around our environmental responsibility to manage the impacts generated from our business operations (Read more on page 26). Additionally, same deliberations are set to manage the social sustainability aspects to comply with minimum safeguard requirements such as UN guiding principles on business and human rights as disclosed in various sections of this report. We aim to continuously monitor the changes and remain compliant to the EU taxonomy requirements.

TAXONOMY ALIGNED KPI'S

KPI	Eligible %	Non-eligible %
Capex	0%	100%
Opex	0%	100%
Green turnover	0%	100%

GRI INDEX

Disclosure	Comments	Page
GRI 101: Foundation 2016		
1. ORGANIZATIONAL PROFILE		
GRI 102: General Disclosures 2016		
102-1 Name of the organization	Tobii AB (publ)	47
102-2 Activities, brands, products, and services		17-18
102-3 Location of headquarters	Danderyd, Sweden	47
102-4 Location of operations		69
102-5 Ownership and legal form		47-52
102-6 Markets served		16
102-7 Scale of the organization		61-62
102-8 Information on employees and other workers		112-115
102-9 Supply chain	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. Suppliers are located globally, for direct supply chains we have high volume in Asia and low-mid volume located in Europe	33
102-10 Significant changes to the organization and its supply chain		8
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.	111
102-12 External initiatives		111, 31-32, 34
102-13 Memberships of associations	Tobii AB är bland annat medlem i ISSAC (International Society for Augmentative and Alternative Communication) som arbetar för att förbättra livskvaliteten för de barn och vuxna som använder AAC i vardagen.	Comments in index

Disclosure	Comments	Page
2. STRATEGY		
102-14 Statement from senior decision-maker		9-10
3. ETHICS AND INTEGRITY		
102-16 Values, principles, standards and norms of behavior		6, 30, 31
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.	109-110, 48
5. STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups		108
102-41 Collective bargaining agreements	Tobii is not affiliated with any collective bargaining agreements.	Comments in index
102-42 Identifying and selecting stakeholders		108
102-43 Approach to stakeholder engagement		108
102-44 Key topics and concerns raised		108
6. REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	The sustainability report covers the Tobii AB. 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.	109-110
102-46 Defining report content and topic Boundaries		108
102-47 List of material topics		109-110
102-48 Restatements of information	Not applicable	108, 8
102-49 Changes in reporting		108, 8
102-50 Reporting period	January 1 - December 31, 2021	Comments in index
102-51 Date of most recent report	April 15, 2021	Comments in index
102-52 Reporting cycle	Annual, calendar year	Comments in index
102-53 Contact point for questions regarding the report	Caroline Sundström, Head of Business Excellence & Sustainability, caroline.sundstrom@tobii.com	Comments in index

Disclosure	Comments	Page
102-54 Claims of reporting in accordance with the GRI-standarder	This report has been prepared in accordance with the GRI Standards: Core option.	Comments in index
102-55 GRI content index		118-123
102-56 External assurance	The GRI report is the Tobii ABs sustainability report for 2021 and has been approved by the Board of Directors. The report has not been audited by a third party.	Comments in index
7. BUSINESS ETHICS		
GRI 103: Management Approach 2016		
103-1 Explanation of the impact of the material topic and its Boundary		43, 110
103-2 The management approach and its components		32-33, 110
103-3 Evaluation of the management approach		110
GRI 205: Anti-corruption 2016		
205-2 Communication and training about anti-corruption policies and procedures	Part of onboarding at Tobii is a training in our Code of conduct incl our Anti corruption policy, Reboarding is done very second year. 2022-02-03: 60% had completed the full course (reminder will be sent out so will be higher before the print of this).	Comments in index
8. ENERGY CONSUMPTION		
GRI 103: Management Approach 2016		
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103-2 The management approach and its components		110, 32-34
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GRI 302: Energy 2016		
302-1 Energy consumption within the organization		116

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GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary		31, 110
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103-3 Evaluation of the management approach		110, 31-32
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions		116
305-2 Energy indirect (Scope 2) GHG emissions		116
305-3 Other indirect (Scope 3) GHG emissions		116
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GRI 103: Management Approach 2016		
103-1 Explanation of the impact of the material topic and its Boundary		110, 33
103-2 The management approach and its components	Goals on supplier coverage in COC- Was not achieved. Good coverage on new suppliers but KPI is measured against actual spend in 2021 and we had unforecasted, high spend (mainly due to Nirvana) with suppliers that have not signed the S CoC. Will be addressed during 2022.	110, 33-34
103-3 Evaluation of the management approach		110, 33-34
GRI 308: Supplier Environmental Assessment 2016		
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GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary		109, 42
103-2 The management approach and its components		109, 29-30
103-3 Evaluation of the management approach		109, 29-30
GRI 404: Training and Education 2016		
404-3 Percentage of employees receiving regular performance and career development reviews		112
12. DIVERSITY AND GENDER EQUALITY		
GRI 103: Management Approach 2016		
103-1 Explanation of the impact of the material topic and its Boundary		109, 29-30
103-2 The management approach and its components		109, 30
103-3 Evaluation of the management approach		109, 30
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees		113-115

Disclosure	Comments	Page
14. SUPPLIERS' WORKING CONDITIONS		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary		110, 33
103-2 The management approach and its components	Tobii requires its suppliers to be committed to ethical conduct, to full compliance with all applicable national laws, rules and regulations as well as international treaties, and to respecting 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. Suppliers are encouraged to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility and business ethics.	110, 33-34
103-3 Evaluation of the management approach		110, 34
GRI 414: Supplier Social Assessment 2016		
414-2 Negative social impacts in the supply chain and actions taken		33-34

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. 17, 23-25)
- Our segments (p. 17-22)

Policies and results for key areas:

- Staff – Employees (p. 29–30, 109, 112-115)
- Social issues, human rights – Employees (p. 33-34, 110, 123), Values and Code of Business Ethics (p. 24-25, 31-34, 110, 120), Working conditions at our subcontractors (p. 33–34, 110)
- Anti-corruption – Values and Code of Business Conduct and Ethics (p. 32-33, 110)
- Environment – Environmental impact (p. 31-34, 110-111, 116)
- Governance – Governance table (p. 109-110)
- Risks – Risks and risk management (p. 40–45)

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 2021 on pages 108-124 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, 27 April 2022
PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

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.
Free cashflow	Cash flow from operating activities less investments in intangible, tangible and financial fixed assets excluding investments in subsidiaries and associates.	Free cashflow 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.
Organic growth	Change in total revenue for the period adjusted for acquisitions, disposals and currency, compared with total revenue for the comparative period.	Organic growth is used to measure the business' underlying growth in local currencies.
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	2021	2020
Operating profit/loss before depreciation, amortization and impairment, (EBITDA)	-27	-97
Amortization and write downs on intangible assets	-125	-106
Depreciation and write downs on property, plant and equipment	-35	-27
<i>of which Right-of-use assets (IFRS 16 Leasing)</i>	-26	-20
Operating profit/loss (EBIT)	-186	-230

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 46–106.

The statutory sustainability report consists of pages 24–34, 107-123.

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 Wednesday, May 25, 2022. 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 24, 2022 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 Tuesday 24 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 15, 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