

**ACQUISITION BY TOBII AB OF SMARTBOX ASSISTIVE
TECHNOLOGY LIMITED AND SENSORY SOFTWARE
INTERNATIONAL LTD**

**Initial Enforcement Order made by the
Competition and Markets Authority pursuant to
section 72(2) of the Enterprise Act 2002 (the Act)**

Whereas:

- (a) the Competition and Markets Authority (CMA) has reasonable grounds for suspecting that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in Tobii AB (Tobii) ceasing to be distinct from Smartbox Assistive Technology Limited (Smartbox) and Sensory Software International Ltd (Sensory Software) (the Merger);
- (b) the CMA is considering, pursuant to section 22 of the Enterprise Act 2002 (the Act), whether it is or may be the case that a relevant merger situation has been created and whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition in any market or markets in the United Kingdom (UK);
- (c) the CMA wishes to ensure that no action is taken pending final determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference; and
- (d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to Tobii (Order).

Commencement, application and scope

1. This Order commences on the commencement date: being the date of completion of the Merger.

2. This Order applies to Tobii.
3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige Tobii to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

Management of the Tobii and Smartbox / Sensory Software businesses until determination of proceedings

4. Except with the prior written consent of the CMA, Tobii shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference, including any action which might:
 - (a) lead to the integration of the Smartbox or Sensory Software businesses with the Tobii business;
 - (b) transfer the ownership or control of the Tobii business or the Smartbox or Sensory Software businesses or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Smartbox and Sensory Software businesses or the Tobii business to compete independently in any of the markets affected by the transaction.
5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, Tobii shall at all times during the specified period procure that, except with the prior written consent of the CMA:
 - (a) the Smartbox and Sensory Software businesses are carried on separately from the Tobii business and the Smartbox and Sensory Software businesses' separate sales or brand identities are maintained;
 - (b) the Smartbox / Sensory Software businesses and the Tobii business are maintained as a going concern and sufficient resources are made available for the development of the Smartbox / Sensory Software businesses and the Tobii business, on the basis of their respective pre-merger business plans;
 - (c) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, the Smartbox / Sensory Software businesses or the Tobii business;

- (d) the nature, description, range and quality of goods and/or services supplied in the UK by each of the two businesses are maintained and preserved;
- (e) except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Smartbox / Sensory Software businesses and the Tobii business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Smartbox / Sensory Software businesses or the Tobii business are disposed of; and
 - (iii) no interest in the assets of the Smartbox / Sensory Software businesses or the Tobii business are created or disposed of;
- (f) there is no integration of the information technology of the Smartbox / Sensory Software or Tobii businesses, and the software and hardware platforms of the Smartbox / Sensory Software businesses shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Smartbox / Sensory Software businesses will be carried out by the Smartbox / Sensory Software businesses alone and for the avoidance of doubt the Tobii business will not negotiate on behalf of the Smartbox / Sensory Software businesses (and vice versa) or enter into any joint agreements with the Smartbox / Sensory Software businesses (and vice versa);
- (h) all existing contracts of the Smartbox / Sensory Software businesses and the Tobii business continue to be serviced by the business to which they were awarded;
- (i) no changes are made to key staff of the Smartbox / Sensory Software businesses or Tobii business;
- (j) no key staff are transferred between the Smartbox / Sensory Software businesses and the Tobii business;
- (k) all reasonable steps are taken to encourage all key staff to remain with the Smartbox / Sensory Software businesses and the Tobii business; and
- (l) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or

proprietary nature relating to either of the two businesses shall pass, directly or indirectly, from the Smartbox / Sensory Software businesses (or any of its employees, directors, agents or affiliates) to the Tobii business (or any of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (including for example, where required for compliance with external regulatory and/or accounting obligations or for due diligence, integration planning or the completion of any merger control proceedings relating to the transaction) and on the basis that, should the transaction be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

Compliance

6. Tobii shall procure that each of its subsidiaries complies with this Order as if the Order had been issued to each of them.
7. Tobii, Smartbox and Sensory Software shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by Tobii and its subsidiaries with this Order. In particular, on the date two weeks after the commencement date of the Order and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of each of Tobii, Smartbox and Sensory Software or other persons of Tobii, Smartbox and Sensory Software as agreed with the CMA shall, on behalf of Tobii, Smartbox and Sensory Software, provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order.
8. At all times, Tobii shall, or shall procure that Smartbox and Sensory Software shall, actively keep the CMA informed of any material developments relating to the Smartbox / Sensory Software businesses or the Tobii business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Smartbox / Sensory Software businesses or the Tobii business;
 - (b) any interruption of the Smartbox / Sensory Software businesses or Tobii business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;

- (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Smartbox / Sensory Software businesses or Tobii business including any substantial changes in customers' demand; and
 - (d) substantial changes in the Smartbox / Sensory Software businesses' or Tobii business's contractual arrangements or relationships with key suppliers.
9. If any of Tobii, Smartbox and Sensory Software has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that Tobii and/or Smartbox and/or Sensory Software may be directed to appoint under paragraph 10.
10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
11. Tobii, Smartbox and Sensory Software shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
13. For the purposes of this Order:

'the Act' means the Enterprise Act 2002;

'an affiliate' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

'business' has the meaning given by section 129(1) and (3) of the Act;

'commencement date' means the completion of the Merger;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act;

'key staff' means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business;

'the ordinary course of business' means matters connected to the day-to-day supply of goods and/or services by Smartbox, Sensory Software or Tobii and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of Smartbox / Sensory Software and Tobii;

'Sensory Software' means Sensory Software International Ltd, company number 03662043;

'the Sensory Software business' means the business of Sensory Software and its subsidiaries carried on as at the commencement date;

'Smartbox' means Smartbox Assistive Technology Limited, company number 05541084;

'the Smartbox business' means the business of Smartbox and its subsidiaries carried on as at the commencement date;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

'Tobii' means Tobii AB, listed on Nasdaq Stockholm, corporate identity number 556613-9654;

'the Tobii business' means the business of Tobii and its subsidiaries carried on as at the commencement date;

'the transaction' means the transaction by which Tobii and Smartbox / Sensory Software will cease to be distinct within the meaning of section 23 of the Act;

'the two businesses' means each of the Tobii business and the Smartbox / Sensory Software businesses;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Compliance statement for [Tobii / Smartbox / Sensory Software]

I [insert name] confirm on behalf of [Tobii / Smartbox / Sensory Software] that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period):
 - (a) [Tobii / Smartbox / Sensory Software] has complied with the Order made by the CMA in relation to the transaction on 28 September 2018 (the Order).
 - (b) [Tobii's / Smartbox's / Sensory Software's] subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by [Tobii / Smartbox / Sensory Software] that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Smartbox or Sensory Software businesses with the Tobii business;
 - (ii) transfer the ownership or control of the Tobii business or the Smartbox or Sensory Software businesses or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Smartbox and Sensory Software businesses or the Tobii business to compete independently in any of the markets affected by the transaction.
 - (b) The Smartbox and Sensory Software businesses have been carried on separately from the Tobii business and the Smartbox and Sensory Software businesses' separate sales or brand identities have been maintained.
 - (c) The Smartbox / Sensory Software businesses and the Tobii business have been maintained as a going concern and sufficient resources have been made available for the development of the Smartbox / Sensory

Software businesses and the Tobii business, on the basis of their respective pre-merger business plans.

- (d) No substantive changes have been made to the organisational structure of, or the management responsibilities within, the Smartbox / Sensory Software businesses or the Tobii business, except in the ordinary course of business.
- (e) The nature, description, range and quality of goods and/or services supplied in the UK by the Smartbox / Sensory Software businesses and the Tobii business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Smartbox / Sensory Software businesses and the Tobii business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Smartbox / Sensory Software businesses or the Tobii business have been disposed of; and
 - (iii) no interest in the assets of the Smartbox / Sensory Software businesses or the Tobii business have been created or disposed of.
- (g) There has been no integration of the information technology of the Smartbox / Sensory Software or Tobii businesses, and the software and hardware platforms of the Smartbox / Sensory Software businesses have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Smartbox / Sensory Software businesses have been carried out by the Smartbox / Sensory Software businesses alone and, for the avoidance of doubt, the Tobii business has not negotiated on behalf of the Smartbox / Sensory Software businesses (and vice versa) or entered into any joint agreements with the Smartbox / Sensory Software businesses (and vice versa).
- (i) All existing contracts of the Smartbox / Sensory Software businesses and the Tobii business have been serviced by the business to which they

were awarded, except to the extent novated, assigned or subcontracted prior to the commencement date.

- (j) No changes have been made to key staff of the Smartbox / Sensory Software businesses or the Tobii business.
- (k) No key staff have been transferred between the Smartbox / Sensory Software businesses and the Tobii business.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Smartbox / Sensory Software businesses and the Tobii business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses, has passed, directly or indirectly, from the Smartbox / Sensory Software businesses (or any of its employees, directors, agents or affiliates) to the Tobii business (or any of its employees, directors, agents or affiliates), or vice versa.
- (n) Except as listed in paragraph (o) below, there have been no:
 - (i) key staff that have left or joined the Smartbox / Sensory Software businesses or the Tobii business;
 - (ii) interruptions of the Smartbox / Sensory Software businesses or the Tobii business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
 - (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Smartbox / Sensory Software businesses or the Tobii business; or
 - (iv) substantial changes in the Smartbox / Sensory Software businesses' or Tobii business's contractual arrangements or relationships with key suppliers.
- (o) *[list of material developments]*

3. [Tobii / Smartbox / Sensory Software] and its subsidiaries remain in full compliance with the Order and will, or will procure that Smartbox and Sensory Software, continue actively to keep the CMA informed of any material

developments relating to the Smartbox / Sensory Software businesses or the Tobii business in accordance with paragraph 8 of the Order.

Interpretation

- 4. Terms defined in the Order have the same meaning in this compliance statement.

I understand that:

- 5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in fines, imprisonment for a term not exceeding two years, or both (section 117 of the Enterprise Act 2002).
- 6. Failure to comply with this order without reasonable excuse may result in the CMA imposing a penalty of up to 5% of the total value of the turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed (section 94A of the Enterprise Act 2002).

FOR AND ON BEHALF OF [TOBII / SMARTBOX / SENSORY SOFTWARE]

Signature

Name

Title

Date