

***ANOTO***

QUARTERLY REPORT

Q1/ 2016

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About Anoto Group AB Anoto is a global leader in digital writing and drawing solutions. Its technology enables high-precision pen input on nearly any surface. Anoto is present around the world through a global network of strategic licensing partners that deliver user-friendly writing and drawing solutions for effective collection, transfer and storage of data. Anoto is traded on the Small Cap list of Nasdaq Stockholm under ANOT.

This report was published May 13, 2016 at 08.30 CET

For more information: [www.anoto.com](http://www.anoto.com)

## REPORT JANUARY – MARCH 2016

- Net sales in the period was MSEK 45 (43).
- The Gross margin for the period was 40% (59%). Gross profit for the period was MSEK 18 (25).
- Earnings before depreciation and amortization (EBITDA) for the period was MSEK -55 (-12).
- The Result after tax for the period was MSEK -62 (-6).
- Earnings per share before and after dilution for the period was SEK -0.06 (-0.01).
- Cash flow during the period was MSEK -2 (29). Cash flow from operating activities before changes in working capital for the period was MSEK -55 (-4). Cash flow from financing activities during the period was MSEK 30 (33).

Key ratios	2016	2015	2015
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales, MSEK	45	43	193
Gross profit/loss	18	25	86
Gross margin, %	40	59	44
Operating profit/loss, MSEK	-62	-13	-106
Profit/loss after tax, MSEK	-62	-6	-108
Earnings per share before and after dilution, SEK	-0.06	-0.01	-0.13
Cash flow, MSEK	-2	29	8
Cash at end of period, MSEK	9	33	12

**ANOTO GROUP AB**

As a pure holding company, Anoto Group AB has a limited number of corporate functions.

**ACCOUNTING POLICIES**

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act chapter 9. For information about the accounting policies applied, refer to the 2015 annual report. The accounting policies are unchanged from those applied in 2015.

**RISK FACTORS AND UNCERTAINTIES**

At the close of the period, the group's total cash amounted to MSEK 9.

The Company does not have sufficient funds to operate for the next twelve months from the publishing date of this report. The Company's Board of Directors believes, based on the current business model and projected revenue growth, that the Company will require additional working capital of 30 MSEK due to the increased production of digital pens during Q4 of 2016. The required working capital will be secured through additional financing with or without deviation from the shareholders' preferential rights.

No significant additional risks are deemed to have arisen beyond those described in the prospectus dated May 2nd 2016.

**RELATED PARTY TRANSACTIONS**

One of the largest shareholders of Anoto, Aurora Investment Ltd (owned by TStone), has been represented on the board of directors since the Annual Meeting in May 2010. Transactions with companies within the TStone group amounts to MSEK 3 during 2016. All transactions have been made on normal commercial conditions.

Antonio Mugica, representing the second largest shareholder (Goldeigen Kapital), is also the CEO of Anotos partner Smartmatic, has been a member of the Board since the AGM 2014. Transactions with companies Smartmatic amounts to MSEK 1 during 2016. All transactions have been made on normal commercial conditions.

**TRANSACTIONS AND ACTIVITIES AFTER MARCH 31, 2016.**

The Company initiated a strategic restructuring on April 22, 2016 that is expected to be completed by the end of June 2016. The primary focus of the restructuring is to improve the Company's efficiency within product development and sales activities as well as streamlining of general operations and utilization of resources. The restructuring is projected to lead to annual savings of 40 MSEK following a one-time cost of approximately 8 MSEK over the next six months.

On May 2, 2016 the Company secured an additional 10 MSEK of bridge funding through a Swedish Bank.

**SHARE DATA**

The Anoto share is listed on the NASDAQ OMX Nordic Small Cap List in Stockholm. The total number of shares at the end of the period amounts to 1,073,193,827.

**LEGAL ACTIVITIES**

The Company has filed patent infringement suits in Japan against NeoLAB Corporation ("NeoLAB"), a subsidiary of NeoLAB Convergence, and Uchida Yoko Co. Ltd. Anoto is seeking all available remedies, including but not limited to injunctive relief against importation of NeoLAB's pen products and notebooks.

The lawsuits, filed with the Civil Division of the Tokyo District Court, are based on Anoto's Japanese patents 4245474, 4928696, and 4613251. The suits are focused on Anoto's patented methods for digital pen design and optical pattern processing.

The lawsuit is ongoing.

Anoto Group AB may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 08.30 on May 13, 2016.

For more information, see [www.anoto.com/investors](http://www.anoto.com/investors).

**CALENDAR 2016**

AGM                                      9<sup>th</sup> June

**FOR MORE INFORMATION**

Please contact:

Joonhee Won, CEO  
Email: [ir@anoto.com](mailto:ir@anoto.com)

Anoto Group AB (publ.), Corp. Id. No. 556532-3929  
Mobilvägen 10,  
SE-223 62 Lund  
Phone: +46 46 540 12 00  
[www.anoto.com](http://www.anoto.com)

## FINANCIAL REPORTS

### Condensed statement of comprehensive income

TSEK	2016	2015	2015
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	45,183	43,128	192,839
Cost of goods and services sold	-26,886	-17,796	-107,283
<b>Gross profit</b>	<b>18,297</b>	<b>25,332</b>	<b>85,556</b>
Sales, administrative and R&D costs	-79,891	-38,826	-184,136
Other operating income/cost	4	110	-7,669
<b>Operating profit/loss</b>	<b>-61,590</b>	<b>-13,384</b>	<b>-106,249</b>
Other financial items	-1,501	7,752	-3,710
<b>Profit before taxes</b>	<b>-63,091</b>	<b>-5,632</b>	<b>-109,959</b>
Taxes	839	-8	1,604
<b>Profit/loss for the period</b>	<b>-62,252</b>	<b>-5,640</b>	<b>-108,355</b>
<b>Other comprehensive income</b>			
Translation differences for the period	-353	-11,015	-8,159
<b>Other comprehensive income for the period</b>	<b>-353</b>	<b>-11,015</b>	<b>-8,159</b>
<b>Total comprehensive income for the period</b>	<b>-62,605</b>	<b>-16,655</b>	<b>-116,514</b>
<b>Total Profit/loss for the period attributable to:</b>			
Shareholders of Anoto Group AB	-61,249	-5,127	-104,029
Non controlling interest	-1,003	-513	-4,326
<b>Total Profit/loss for the period</b>	<b>-62,252</b>	<b>-5,640</b>	<b>-108,355</b>
<b>Total comprehensive income for the period attributable to:</b>			
Shareholders of Anoto Group AB	-61,602	-15,330	-109,800
Non controlling interest	-1,003	-1,325	-6,714
<b>Total comprehensive income for the period</b>	<b>-62,605</b>	<b>-16,655</b>	<b>-116,514</b>
<b>Key ratios:</b>			
Gross margin	40.5%	58.7%	44.4%
Operating margin	Neg	Neg	Neg
Earnings per share before and after dilution	-0.06	-0.01	-0.13
Average number of shares before and after dilution	1,060,749,383	730,299,839	857,155,605

## Consolidated balance sheet in summary

TSEK	3/31/2016	3/31/2015	12/31/2015
Intangible fixed assets	263,754	82,097	263,065
Tangible assets	8,585	2,021	5,944
Financial fixed assets	6,188	4,495	7,280
<b>Total fixed assets</b>	<b>278,527</b>	<b>88,613</b>	<b>276,289</b>
<b>Inventories</b>	<b>54,858</b>	<b>10,742</b>	<b>44,589</b>
Accounts receivable	23,036	28,912	65,443
Other current assets	41,479	24,022	51,378
<b>Total short-term receivables</b>	<b>64,515</b>	<b>52,934</b>	<b>116,821</b>
Liquid assets, including current investments	9,272	33,353	11,629
<b>Total current assets</b>	<b>128,645</b>	<b>97,029</b>	<b>173,039</b>
<b>Total assets</b>	<b>407,172</b>	<b>185,642</b>	<b>449,328</b>
Equity attributable to shareholders of Anoto Group AB	226,855	113,867	277,926
Non controlling interest	-10,733	-17,523	-9,730
<b>Total equity</b>	<b>216,121</b>	<b>96,344</b>	<b>268,196</b>
Provisions	11,339	304	12,150
Other long term liabilities	313	0	23,544
<b>Total long-term liabilities</b>	<b>11,652</b>	<b>304</b>	<b>35,694</b>
Loans	27,296	18,810	0
Other current liabilities	152,103	70,184	145,438
<b>Total current liabilities</b>	<b>179,399</b>	<b>88,994</b>	<b>145,438</b>
<b>Total liabilities and shareholders equity</b>	<b>407,172</b>	<b>185,642</b>	<b>449,328</b>

**Changes in shareholders equity**

TSEK	Share capital	Ongoing share issue	Other capital contributed	Reserves	Profit/loss for the year	Shareholders equity	Non-controlling interest	Total equity
<b>Opening balance 1 January 2014</b>	<b>7,797</b>	<b>884</b>	<b>578,661</b>	<b>7,480</b>	<b>-512,165</b>	<b>82,657</b>	<b>-16,770</b>	<b>65,887</b>
Profit/loss for the year					-62,038	-62,038	-813	-62,851
Other comprehensive income				-7,299		-7,299	-1,542	-8,841
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,299</b>	<b>-62,038</b>	<b>-69,337</b>	<b>-2,355</b>	<b>-71,692</b>
Convertible bonds					542	542		542
Acquisition				-2,927		-2,927	2,927	0
Share issue 1401	884	-884				0		0
Private placement 1403	386		15,023			15,409		15,409
Share issue 2014	4,900		47,009			51,909		51,909
Share issue 2013 - adj			-11			-11		-11
New share issue	6,170	-884	62,021	0	0	67,307	0	67,307
<b>Closing balance 31 December 2014</b>	<b>13,967</b>	<b>0</b>	<b>640,682</b>	<b>-2,746</b>	<b>-573,661</b>	<b>78,242</b>	<b>-16,198</b>	<b>62,044</b>
None controlling interest arising from business combination							2,752	2,752
Profit/loss for the year					-104,029	-104,029	-4,326	-108,355
Other comprehensive income				-5,771		-5,771	-2,388	-8,159
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,771</b>	<b>-104,029</b>	<b>-109,800</b>	<b>-6,714</b>	<b>-116,514</b>
Convertible bonds - conversion	983		16,396			17,379		17,379
Private placement 27 march	1,593		31,800			33,392		33,392
Private placement 15 june	400		14,229			14,629		14,629
Private placement 24 july	600		38,491			39,091		39,091
Acquisition of XMS - 8 august	361		25,077			25,438	157	25,595
Private placement 10 & 30 nov	3,160		175,584			178,744		178,744
Debt Conversion etc. - non controlling interest						0	11,085	11,085
Ongoing Acquisition of XMS	12		800			812	-812	0
<b>Closing balance 31 December 2015</b>	<b>21,076</b>	<b>0</b>	<b>943,058</b>	<b>-8,517</b>	<b>-677,690</b>	<b>277,927</b>	<b>-9,730</b>	<b>268,196</b>
Profit/loss for the year					-61,249	-61,249	-1,003	-62,252
Other comprehensive income				-353		-353	0	-353
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-353</b>	<b>-61,249</b>	<b>-61,602</b>	<b>-1,003</b>	<b>-62,605</b>
Private placement 27 march	260		10,270			10,530		10,530
<b>Closing balance 31 March 2016</b>	<b>21,336</b>	<b>0</b>	<b>953,328</b>	<b>-8,870</b>	<b>-738,939</b>	<b>226,855</b>	<b>-10,733</b>	<b>216,121</b>

## Consolidated Cash flow statement in summary

TSEK	2016	2015	2015
	Jan-Mar	Jan-Mar	Jan-Dec
Profit/loss after financial items	-63,091	-5,632	-109,959
Depreciation, amortisation	7,022	1,416	7,330
Other items not included in cash flow	1,578	-202	1,922
<b>Items not included in cash flow</b>	<b>8,600</b>	<b>1,214</b>	<b>9,252</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>-54,491</b>	<b>-4,418</b>	<b>-100,707</b>
Change in operating receivables	52,306	-5,167	-59,927
Change in inventory	-10,269	9,811	-24,036
Change in operating liabilities	-9,232	1,755	99,192
<b>Cash flow from operating activities</b>	<b>-21,686</b>	<b>1,981</b>	<b>-85,478</b>
Intangible assets	-6,705	-4,202	-186,762
Fixed assets	-3,647	-264	-8,605
Cash flow from net capital expenditures	-10,352	-4,466	-195,367
<b>Total cash flow before financing activities</b>	<b>-32,038</b>	<b>-2,485</b>	<b>-280,845</b>
New share issue	10,530	33,345	292,106
Change in financial liabilities	19,151	-1,416	-3,541
<b>Cash flow from financing activities</b>	<b>29,681</b>	<b>31,929</b>	<b>288,565</b>
<b>Cash flow for the period</b>	<b>-2,357</b>	<b>29,444</b>	<b>7,720</b>
Liquid assets at the beginning of the period	11,629	3,909	3,909
<b>Liquid assets at the end of the period</b>	<b>9,272</b>	<b>33,353</b>	<b>11,629</b>

## Key ratios

TSEK	2016	2015	2015
	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow for the period	-2,357	29,444	7,720
Cashflow / share before and after dilution (SEK) <sup>1</sup>	0.00	0.04	-0.01
		<b>3/31/2016</b>	<b>12/31/2015</b>
Equity/assets ratio		55.7%	61.9%
Number of shares		1,073,193,827	1,053,193,827
Shareholders equity per share (kr)		0.21	0.26

<sup>1</sup> Based on the weighted average number of shares and outstanding warrants for each period. Only warrants for which the present value of the issue price is lower than the fair value of the ordinary share are included in the calculation.

### Parent company, summary of income statement

TSEK	2016	2015	2015
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	945	2,867	7,014
Gross profit	945	2,867	7,014
Administrative costs	-853	-1,972	-5,748
Operating profit	92	895	1,266
Profit/loss from shares in Group companies		0	-90,000
Financial items	-6	-634	-819
Profit for the period	86	261	-89,553

### Parent company, balance sheet in summary

TSEK	3/31/2016	3/31/2015	12/31/2015
Intangible fixed assets	68	131	77
Financial fixed assets	391,556	114,385	268,073
<b>Total fixed assets</b>	<b>391,624</b>	<b>114,516</b>	<b>268,150</b>
Other short-term receivables	25,281	93,183	121,579
Liquid assets, including current investments	5,734	13,308	613
<b>Total current assets</b>	<b>31,015</b>	<b>106,491</b>	<b>122,192</b>
<b>Total assets</b>	<b>422,639</b>	<b>221,007</b>	<b>390,342</b>
Equity	393,264	214,266	383,450
Loans	20,000	0	0
Other current liabilities	9,375	6,741	6,892
<b>Total liabilities and shareholders equity</b>	<b>422,639</b>	<b>221,007</b>	<b>390,342</b>