Anoto

Digital Time Data Solutions

2018 Annual Report

Anoto

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DIRECTORS REPORT

The Board of Directors and CEO of Anoto Group AB (publ.), Corporate Identity No. 556532-3929, hereby submit the annual financial statements for the January 1 – December 31, 2018 financial year.

GROUP STRUCTURE

Anoto Group AB is the parent company of the Anoto group, performing group-wide functions on behalf of its subsidiaries. The operational activities, including sales, are performed by the subsidiaries which consist of Anoto AB, Anoto Korea Corp, Anoto Ltd, Anoto Inc, Livescribe Inc., Anoto Portugal, Anoto Singapore and XMS Penvision AB. Hereafter the entire business group is referred to as “Anoto”, unless the context indicates otherwise.

OPERATION OF THE GROUP

Anoto is a technology company known globally for innovation in the area of information-rich patterns and the optical recognition of those patterns. It is a leader in digital writing and Software solutions, having historically used its proprietary technology to develop smart pens and the related software. These smart pens enrich the daily lives of millions of people around the world. Now Anoto is also using its pattern, optics, and image-processing expertise to bridge between the analogue and digital domains through an initiative known as Enterprise Solutions business (B2B), C.AI (B2B and B2B2C) and Anoto DNA (aDNA) (B2B and B2C).

C.AI is AI based education software for the offline education market. C.AI uses Anoto digital pen to collect digital data and provides comprehensive Diagnostics and personalized AI recommendations for each student. aDNA makes it possible to uniquely and unobtrusively mark physical objects and then easily identify those individual objects using ubiquitous mobile devices such as phones and tablets. aDNA is enabling exciting possibilities for product innovation, marketing insights, and supply-chain control.

Anoto business is divided into two main business lines: Software as a Service (SaaS) and Pen manufacturing and distribution. For SaaS, we have C.AI, aDNA, and Anoto Cloud for Enterprises. For pen manufacturing and distribution business, we have note taking retail business (Livescribe) and OEM business.

2018 was an important year as we launched AP701 and AEGIR pens on a single consolidated platform. These are low cost pens due mainly to improvement in manufacturing costs and were designed for manufacturing (DFM) in order to lower manufacturing value added costs. Subsequently, we declared end of life for existing LP2 and LS3 pens.

During the fourth quarter of 2018, we have decided, to write off most of the historical goodwill and capitalized R&D costs that are no longer relevant. For example, we wrote off $6.1 million in HP R&D costs, $2.1 million in goodwill from remaining historical acquisitions from Anoto Ltd, $1.1 million in intangible assets carried from Livescribe acquisition, $2.7 million obsolete inventory write off including components due to the change in pen portfolio. Also as we launched new pens, we are obliged to expense capitalized R&D costs for the development of the new pens. Because Anoto’s product portfolio is now changed, we felt that we needed to make a clean break from the past and clean up the balance sheet.

Revenue declined in 2018. The primary reasons were the decline in OEM revenue from Korea and less than expected revenue from Livescribe. Livescribe revenue did not recover despite launching of new AEGIR pens due primarily to the delay of mobile app developments, desktop developments as well as problems with existing force sensor for the newly launched AEGIR pens. In particular, Marlin pens had cosmetic issues and the late development (close to six months delay) of mobile apps cost us a 8000 pen order cancellation. Therefore, we made a conscious decision to delay shipping for the Christmas season and finish development and fix all manufacturing issues. We have now fixed the problems including replacing the force sensor with a new force sensor. Learning from these mistakes, we have now extended development period of all future R&D projects and added significant QA processes in the middle to make sure that the products will be ready in time.

The Anoto share is listed on NASDAQ OMX Nordic Small Cap List in Stockholm.

Anoto Business Units

Enterprise Solutions and Licensing

Enterprise Solutions focuses on systems, products, and services that target businesses, primarily in the field of forms processing, document management, and signature capture. The offering is Pen Solutions which includes solutions for creating a form in digital format, digital processing of handwritten forms and automatic generation of a digital version of a document with handwritten signatures and notes. Anoto has both direct and indirect business models, depending on territory, and partners with system integrators, software developers, and IT consulting firms in specific vertical markets, all of whom offer customized solutions with Anoto technology to their customers.

There was a major shift in the strategy of Anoto Enterprise Solutions in 2018. Coupled with the introduction of the new AP-701 pen, the Enterprise Solutions business established a new pricing model which lowers hardware pricing while securing a new recurring revenue stream by charging for dot pattern and software. In addition, Anoto took a more active role in identifying and servicing large customers directly instead of relying on system integrators and other distributors.

As a result, the Enterprise Solutions business went through a significant transition in 2018, as we discontinued relationships with hundreds of smaller customers and signed new contracts with larger customers with significant recurring revenue. Many of existing large customers such as Welsh Ambulance, Deutsche Telekom, Diagramm Halback, and Infomax signed one to three year contracts.

To upgrade our software platform, Anoto is also developing a new Enterprise Solutions on a cloud platform called Anoto Cloud for Enterprises (ACE) which will replace old software Anoto Live Forms which we acquired from XMS. We expect ACE to be ready during the second half of 2019.

During 2018, Anoto finished the hardware development of Dr.Watson fingerprint pen. However, in order to launch Dr. Watson as a major offering in the Enterprise Solutions market, we need a software to enable registration and verification of fingerprints which is consolidated with existing Enterprise Solutions software such as Anoto Live Forms. Instead of duplicating efforts to develop a separate software for the fingerprint pen, we decided to merge the development of Dr.Watson software with that of Anoto Cloud for Enterprises software. Therefore, when we finish Anoto Cloud for Enterprises in the second half of 2019, we should be able to offer fingerprint solutions as a major feature in the new platform.

Notetaking Business

Livescribe is the world's leading smartpen brand for notetaking use. Since acquiring Livescribe at the very end of 2015, Anoto continued to enhance operational efficiency, reinforce the supply chain, optimize the distribution channel, and upgrade mobile software competencies for the future.

Anoto also started geographic expansion of the Livescribe business in 2017 to fuel future growth and reduce dependency on US sales. Anoto successfully reenergized the distribution of Livescribe pens in Europe and established a direct relationship with Amazon Europe. Anoto also started the distribution of Livescribe pens in Asia, entering China, Singapore and Taiwan markets.

There was a major shift in our retail business strategy. We launched the best performing and the lowest priced smartpen to date during the second half of 2018. In the US, the AEGIR pen sells for less than US$100 at Amazon and other distributors. AEGIR is also significant in terms of development as it is the only pen with a consolidated platform. It shares the same hardware platform with AP701 which is a low cost pen sold in the Enterprise Solutions market. It has the same base firmware, SDK platform as AP701 as well. Such consolidation in platform will save cost in terms of future developments as we can upgrade both pens when we upgrade firmware and SDKs in one pen.

Another important development is in apps and software for Livescribe pens. Livescribe historically had different service offering for different pens. For example, LS3 pen had mobile apps but no desktop applications. Echo (audio) pen had desktop applications but no mobile platforms.

With the launch of AEGIR pens, Anoto made a conscious decision to unite all pens into one platform. AEGIR will have two mobile apps (IOS and Android) as well as two desktop applications (Mac OS and Windows). The development of the apps and desktops are costly and slow, but once done, it is going to be the standard for all next generation smartpens. We expect all mobile and desktop applications will be completed by the first half of 2019.

OEM Business

Anoto Korea is the main entity for our OEM business. Its primary customer, Kyowon decided to shift from previous pen models (612K) to AP701 in 2018. Because Kyowon requires a streaming pen instead of traditional storage pen, we spent 2018 developing a different firmware for Kyowon. The firmware update was completed at the end of 2018, and we received and delivered an order of 20,000 pens during the fourth quarter of 2018. We subsequently received an additional order of 10,000 pens during the first quarter of 2019.

Because of the transition to AP701 pen, Anoto Korea's revenue declined by 52% in 2018 which we expect to recover in 2019.

With its enhanced development capability, Anoto Korea is in discussions with global companies regarding OEM pen production and it is in the process of transforming into a full-fledged OEM business and expect to reduce the dependency on Kyowon in 2019.

We also consolidated manufacturing to Korea as the cost savings achieved from China no longer made sense as new tariffs were imposed by the US government eliminating benefits of manufacturing in China. With the added volume in Korea, we expect to achieve similar or even less manufacturing cost and also added benefit of more control as our development team is located in Korea.

aDNA Business

Full commercial launch of aDNA was delayed for two primary reasons: First, additional development requests from partners to further develop aDNA solutions such as pattern distribution from a cloud and B2C capabilities. Also, given our limited resources, we decided to prioritize the development of C.AI, resulting in the delay of a full commercial launch. We still managed to, during 2018, migrate our aDNA solutions to a cloud platform and developed a B2C aDNA stickers which resulted in a first revenue, albeit small.

aDNA is most active in Japan and in Korea and adding pilot programs with several large corporations. The primary applications are in the areas of security tapes and education at this point. Retail distribution is also an area that have strong demands. We are still in the process of developing a flexible solution to make sure that least customization is necessary for different use cases.

C.AI

Cognitive Artificial Intelligence (C.AI) is a cloud based AI program designed for offline education use.

In the medical industry, we use sophisticated diagnostics to understand patients and to accurately diagnose problems. 3D imaging such as MRI, CAT scan and other means are frequently used to understand a patient/disease. However, in the education industry, we still use assessment tools that measures a student's performance on a two dimensional level, i.e. judging right or wrong in a test for a given topic. Teachers, without accurate analysis of a student's thought process, cannot teach students to perform better in an efficient manner. As a result, we are highly dependent on a teacher's ability or experience.

To tackle these issues Anoto has developed a new and innovative technology called C.AI.

A digital pen aggregates and converts written analogue data on paper to digital data, combined with a sophisticated diagnostics assessment platform, enable the proprietary AI algorithm to recommend an individualized study path for the students.

The individualized study plan provides complete diagnosis to prescription, helping teachers understand the gaps in the learning journey, why they're happening, and how to solve the issue.

Anoto C.AI includes a smartpen with a camera, memory chip and a real-time clock; recording data 5~6 times in a second. AI is enabled through the data accumulated from the smartpen, measuring writing speed, ink lengths, pauses (thinking time frequency), pause lengths (thinking time), pressure, oscillation, latency, stroke count, spatial location, and question reading time. The solution assesses how long it takes to solve a problem in order to understand whether a student can tackle the same type of question at a future date.

C.AI's mission is to improve EFFICIENCY in education, freeing students from repetitive brute memorization and to improve their understanding by personalized education.

Shares and Shareholders

At the end of 2018, there were 120,612,257 issued Anoto ordinary shares. According to Euroclear Sweden AB's statistics, there were 17,666 shareholders on December 31, 2018, representing a decrease of 13.4 percent over the past 12 months.

The largest shareholder as at December 31, 2018 was Six Sis AG owning 9.7 per cent of the votes and capital. There is only one class of share (ordinary shares).

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is located in a separate section after the financial reports in these financial statements.

EMPLOYEES

The average number of employees within the Group decreased from 61 in 2017 to 34 in 2018. The Group had 40 employees (35) at the year-end.

COMMENTS ON THE STATEMENT OF COMPREHENSIVE INCOME

Net sales in 2018 amounted to MSEK 116 (173) and operating loss in the period was MSEK 132 (37).

In 2018, the group wrote off one-time non-recurring costs by MSEK 107 to clean up the balance sheet. This includes a write-down of inventory (MSEK 23), capitalized expenses (MSEK 53), goodwill (MSEK 19), and the other intangible amortization (MSEK 9).

The decline in net sales is primarily attributable to Forms customers timing their pen orders to coincide with the availability of enterprise quantities of the new Anoto pen (AP-701). In addition, Anoto's pricing policy change in the Forms business has also contributed to this deferral of revenue. The new model lowers upfront hardware costs and establishes recurring revenue streams associated with hardware, software, and Anoto's proprietary microdot pattern.

This pricing model transition required us to turn down numerous renewal requests based on the old pricing scheme with an unavoidable impact on revenue but the group expects a substantial increase in revenue in coming quarters with lift provided by rapid adoption of the new pen and broad acceptance of the strategically sound new pricing policy.

Gross margin in the period, when excluding the inventory write-down (MSEK 23), increased to 52% (41%) as a result of better margins in the Notetaking business and licensing revenue growing to 19% (14%) of the overall mix.

Overhead costs in the period were MSEK 85, when excluding the other one-time write-offs (MSEK 84), down from the prior year (MSEK 108), due to the restructuring and cost reduction efforts across all operations.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in the period amounted to MSEK -47 (-21).

The net loss after tax for the year was MSEK 116 (53).

COMMENT ON THE STATEMENT OF FINANCIAL POSITION AND THE STATEMENT OF CASH FLOWS

The total assets decreased by MSEK 115 to MSEK 284. Liabilities have decreased by MSEK 51 to MSEK 73.

Group Equity at the end of the year amounted to MSEK 212, compared to MSEK 276 in the previous year. The cash flow from operating activities was MSEK -40 (-45). Cash flow from investment activities during the year was MSEK -4 (-38). The cash flow from financing activities was 18 (110), including net proceeds from share issues of 24 MSEK (44). The cash flow for the year was MSEK -26 (-26). Closing cash at end of year was MSEK 5 (32).

RESEARCH AND DEVELOPMENT

The Anoto Group conducts research and development under the following basis policies to achieve growth in priority business fields and create new business.

Integrating Strategies for Business and R&D

1. Robust new business development
2. Sustained growth of existing businesses through innovative new products

Research Policy Approach

1. Deepening and broadening Anoto Group's fundamental technologies
2. Creating new value by integrating multiple technologies in various fields
3. Enhancing group synergies
4. Accelerating developments
5. Improving the fundamental R&D capability of each researcher and organization

Anoto's R&D efforts are focused on meeting market needs in the three existing business areas (Forms, OEM, and notetaking) and on innovation relating to aDNA, The R&D expenses during the year were MSEK 36 (28), equivalent to 20 percent (26) of the total operating expenses. Pursuant to its compliance with IAS 38, the Group capitalized MSEK 19 (33) during 2018. Including capitalization, the Group´s R&D expenses totalled MSEK 55 (61) for the year.

As part of the annual closing process, the group has made write-down of capitalized expenses (MSEK 53) in connection with the review of the group's capitalized product development costs portfolio due to the management decision of not continuing with the product development and focusing in new products development.

Anoto has an extensive patent portfolio. At the end of 2018, the Group had 3 active patent applications and owned 225 registered patents.

DISPUTES

Anoto secured summary judgement against City Soft Limited and one of its directors for infringing on Anoto's intellectual property. Anoto enlisted Humphries Kerstetter LLP to help secure the integrity of its distribution network when it learned that City Soft was using its intellectual property without authorisation. Anoto claimed in the proceedings amongst other things that City Soft infringed its copyright in using Anoto's dot pattern technology and software development kits. The Court sided with Anoto and granted declaratory and injunctive relief as well as an inquiry as to damages. The Court also awarded Anoto its costs up to the full level of the applicable caps in the Intellectual Property and Enterprise Court.

SUSTAINABILITY INFORMATION

Anoto does not pursue any activities that require environmental permits. None of its units are environmentally certified.

Employee Policies

To realize Anoto's business concepts, we depend on skilled employees who are wholeheartedly engaged in their work and who have a good understanding of the communication between people from different cultures and backgrounds. We strive to make use of all of our employees' competences in the best possible ways. No employee should under any circumstance be discriminated against. We apply a clear policy on gender equality, equal opportunities and anti-discrimination. We strongly encourage an environment of respect and honesty, with open and clear communication by and between all parties involved in Anoto's business.

In a knowledge-based company like Anoto, employee competences are our most important assets. Without constantly adding knowledge to the workforce and allowing the transfer of knowledge between colleagues, the company cannot develop. Competence development is therefore a priority at Anoto. Development plans are determined individually to ensure that the goals and ambitions of both the employees and the company are aligned.

RISK MANAGEMENT

Liquidity and financing risk

Anoto´s cash and cash equivalents, as cash and bank deposits, amounted at the end of 2018 to MSEK 5 (32).

Anoto focuses on monitoring cash flow forecasts to appropriately manage any stresses on working capital and liquidity.

During 2018 the group has raised funds of MSEK 24 by way of a rights issue.

In 2018 Anoto Management continued to address a number of risks facing the company. In particular, these risks have included a cost structure that was too high relative to sales and a lack of strategic focus. Multiple cost-cutting activities were carried out since 2016 and the corporate strategy was refined through the imposition of focus.

There may be a liquidity concern during mid 2019, but management of the company views this risk as low and manageable and is actively managing this going concern risk by adapting the following policies proactively: 1. Increase in quarterly sales, which will lead to a higher cashflow in Q3 and Q4. 2. The company has established a credit facility of SEK 15 million. 3. The management believes the company can do as an alternative to item (2), a smaller share issue is also possible.

Currency exposure and credit risk

Refer to Note 4 for a detailed description of the company's risk management policies, currency exposure, and credit risk

Insurance risk

Anoto's insurance coverage is reviewed annually with respect to traditional business insurance policies and appropriate coverage is maintained balancing the exposure of the business and the related costs.

Patent risks, etc.

Anoto carefully curates its patent portfolio and applies for patents on innovations that will enrich that portfolio. Anoto cannot guarantee that all patent applications will be approved or that our intellectual property rights will not be called into question, declared null and void, or circumvented. Third parties have claimed that Anoto infringes their intellectual property rights and may do so in the future. Defending Anoto against such assertions can be costly in terms of time, money and other resources. Legal disputes can compel Anoto to pay damages or other compensation, to modify its products and technology, and/or to enter into license agreements with licensors. Anoto cannot guarantee that such licenses will be available at all or be possible to obtain on reasonable terms.

The Board and Its Rules of Procedure

The Anoto Group AB Board of Directors consists of five members. Refer to the section entitled "Corporate Governance Report" in this annual report for a detailed account of the Board's composition and working methods.

GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

Principles for remuneration, fees and other remuneration paid to the Board of Directors, the Chairman, the CEO and other members of Group Management, other statistics and the guidelines regarding remuneration and benefits to Group Management as approved by the Annual General Meeting are specified in Note 9. Remuneration for the CEO and senior executives in 2018 is disclosed in Note 9, "Salaries and other remuneration". The Board has proposed to the Annual General Meeting that the guidelines on remuneration for senior executives remain unchanged in 2019.

OUTLOOK FOR THE FUTURE

2018 was a year of preparation and development. Although most of the development efforts will be finished in 2019, hardware platforms as well as new SaaS platforms were mostly developed in 2018. We launched C.AI at the end of January 2019. Livescribe apps and desktops will be launched sometime in the middle of 2019. We will be launching Anoto Cloud during the second half of 2019.

2019 is going to be the first year of new Anoto and our emphasis has shifted to selling solutions rather than pens. We have two main missions this year: Bolstering Sales network for our solutions and Finishing the Development of Software solutions.

We will be setting up proper sales and marketing networks. Sales and marketing teams with Software selling experience were hired in January 2019. We now have a marketing specialist and three dedicated salespeople in the US for C.AI. We are looking for aDNA and retail expert sales person in Europe. Unlike last year, we now have new pens and new software. We also have new customer base who are heavy users of our proprietary technology. Sale of all our solutions accompanies the sale of pens. I believe that for the first time in history, Anoto's customers have a clear rationale for buying pens. It is no longer a product of convenience but a product of necessity.

The company is expected to continue investment in R&D for C.AI, and, Livescribe software and ACE this year. In terms of hardware, most of the development efforts are now done and we have started to expense R&D spending on hardware instead of capitalizing it.

We are still very careful about not increasing OPEX, reducing cost when possible. We have now eliminated high cost, long term lease for offices in Lund and Basingstoke. Personnel hires are primarily in the area of Sales and Marketing only. And we expect recovery in the Enterprise Forms business as well as OEM sales from Anoto Korea this year. We are hoping for a strong recovery in the Livescribe retail sales as we are now launching new apps and desktops by the middle of this year. We are also optimistic about the prospect of revenue from our solutions businesses.

Proposed Appropriation of Accumulated Result

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Proposed appropriation of accumulated result in the parent company (SEK):	**SEK**
Share premium reserve	689,216,122
Profit/loss brought forward	-277,037,581
Loss for the year	-38,624,663
Total	**373,553,878**

The Board of Directors propose that the reserves of SEK 373,553,878 are carried forward. With regard to the financial position of the Group and parent company, refer to the following accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(KSEK)	Note	Group 2018	Group 2017
Net sales	5	115,556	173,010
Cost of goods and services sold	11	(78,097)	(102,088)
Gross profit/loss		**37,459**	**70,922**
Selling expenses	8,14,31,34	(25,159)	(23,959)
Administrative expenses	8,9,10,14,31,34	(108,917)	(55,073)
Research & development costs	8,14,34	(36,149)	(28,280)
Other operating income	12	14,334	7,294
Other operating costs	13	(13,728)	(7,482)
Operating earnings	11	**(132,160)**	**(36,578)**
Financial income	16	13,756	-
Financial cost	16	(619)	(19,623)
Earnings before taxes		**(119,023)**	**(56,201)**
Income taxes	17	3,174	3,257
Net earnings for the year		**(115,850)**	**(52,944)**
Total earnings for the year attributable to:			
Shareholders of Anoto Group AB		(115,884)	(52,809)
Non-controlling interest		35	(135)
Total profit/loss for the year		**(115,850)**	**(52,944)**
Other comprehensive income			
Items that may be reclassified to profit/loss for the year:			
Translation differences for the year		2,429	9,316
Gain or losses at valuation to fair value of investment		(16,577)	-
Other comprehensive income for the year		**(14,148)**	**9,316**
Total comprehensive income for the year		**(129,998)**	**(43,628)**
Total comprehensive income for the year attributable to:			
Shareholders of Anoto Group AB		(130,033)	(43,493)
Non-controlling interest		35	(135)
Total comprehensive income for the year		**(129,998)**	**(43,628)**
Earnings per share (SEK)		-1.16	-0.49
Diluted earnings per share (SEK)		-0.91	-0.46
Weighted average number of ordinary shares		112,429,281	89,117,341
Diluted weighted average number of ordinary shares	38	143,142,450	94,560,975

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Note	Group 2018	Group 2017
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	18	48,962	85,481
Patents	19	416	277
Goodwill	22	144,854	153,206
Brands	20	565	741
Other intangible assets	21	6,070	15,577
Total intangible fixed assets	5	**200,867**	**255,282**
Property, plant and equipment			
Equipment and tools	23	3,233	3,404
Total property, plant and equipment	5	**3,233**	**3,404**
Financial fixed assets			
Other long-term securities	25	385	16,962
Other long-term receivables	26	1,780	1,355
Total financial fixed assets		**2,165**	**18,317**
Total non-current assets		**206,265**	**277,003**
Current assets			
Inventories			
Finished goods and goods for sale	27	24,561	51,766
Current receivables			
Accounts receivable	28	39,004	27,747
Other receivables		4,200	8,830
Prepaid expenses and accrued income	29	4,855	2,599
Total current receivables		**48,059**	**39,176**
Cash and cash equivalents		**5,458**	**31,664**
Total current assets		**78,078**	**122,606**
TOTAL ASSETS		**284,343**	**399,609**

(KSEK)	Note	Group 2018	Group 2017
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Share capital	38	72,367	61,240
Share premium	38	1,267,763	1,213,013
Translation reserves	38	(15,906)	(1,758)
Earnings brought forward		(1,112,096)	(996,211)
Equity attributable to the shareholders of Anoto Group AB		**212,128**	**276,284**
Non-controlling interest		**(548)**	**(583)**
Total Equity		**211,580**	**275,701**
Non-current liabilities			
Convertible debt	43	2,149	44,449
Deferred tax liabilities	17	0	3,289
Other non-current liabilities		4,072	0
Total non-current liabilities/provisions		**6,221**	**47,737**
Current liabilities			
Provisions for product warranties	30	242	242
Short-term interest-bearing liabilities	33	5,685	11,309
Accounts payable		28,891	38,857
Advance payments from customers		2,719	7,076
Other liabilities		4,346	3,319
Accrued expenses and deferred income	31	24,659	15,368
Total current liabilities		**66,542**	**76,171**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**284,343**	**399,609**

Anoto

CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Note	Group 2018	Group 2017
OPERATING ACTIVITIES			
Profit after financial items		(119,023)	(56,201)
Items not affecting cash flow:			
Change in provisions	30	-	(1,070)
Depreciation, amortization and impairment of assets	14,18-23	84,943	15,835
Other items	39	(31,384)	15,265
Cash flow from operating activities before change in working capital		**(65,464)**	**(26,170)**
Cash flow from change in working capital			
Change in operating receivables		(8,882)	31,005
Change in inventories		27,205	(2,288)
Change in operating liabilities		4,005	(47,741)
Total change in working capital		**22,327**	**(19,024)**
Cash flow from operating activities		**(43,137)**	**(45,194)**
Cash flow from investment activities			
Capitalized development expenditures	18	(19,188)	(32,506)
Patents	19	(145)	(476)
Brands	20	-	-
Acquired intangible assets	21	-	(5,983)
Equipment and tools	23	(1,913)	-
Disposal of associated company		-	-
Financial assets	26	16,152	538
Cash flow from net investment activities		**(5,094)**	**(38,427)**
Total cash flow before financing activities		**(48,231)**	**(83,621)**
Financing activities			
New share issue		23,577	43,923
Convertible loan	43	-	74,449
Repaid financial liabilities		(1,552)	(8,640)
Cash flow from financing activities		**22,025**	**109,732**
Cash flow for the year		**-26,206**	**26,111**
Cash and cash equivalents at the beginning of the year		31,664	5,553
Cash and cash equivalents at the end of the year	39	**5,458**	**31,664**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(KSEK)	Share capital	Ongoing new share issue	Share premium	Translation reserve	Earnings brought forward	Shareholders' equity attributable to the shareholders of Anoto Group AB	Non-controlling interest	Total shareholders' equity
Shareholders´ equity 01 January 2017	**46,817**	**24**	**1,117,530**	**(11,074)**	**(940,039)**	**213,258**	**(1,689)**	**211,569**
Total profit/loss for the year	-	-	-	-	(52,809)	(52,809)	(135)	(52,944)
Other comprehensive income	-	-	-	9,316	-	9,316	-	9,316
Total comprehensive income/cost for the year	**-**	**-**	**-**	**9,316**	**(52,809)**	**(43,493)**	**(135)**	**(43,628)**
Prior year adjustment	-	-	-	-	(3,363)	(3,363)	-	(3,363)
Ongoing new share issue	57	(24)	(1,274)	-	-	(1,241)	1,241	-
New share issue	4,250	-	39,673	-	-	43,923	-	43,923
Conversion of debt	10,116	-	57,084	-	-	67,200	-	67,200
Shareholders´ equity 31 December 2017	**61,240**	**-**	**1,213,013**	**(1,758)**	**(996,211)**	**276,284**	**(583)**	**275,701**
Total profit/loss for the year	-	-	-	-	(115,884)	(115,884)	35	(115,850)
Other comprehensive income	-	-	-	(14,148)	-	(14,148)	-	(14,148)
Total comprehensive income/cost for the year				**(14,148)**	**(115,884)**	**(130,768)**	**35**	**(129,998)**
New share issue	4,774	-	18,803	-	-	23,578	-	23,578
Conversion of debt	6,353	-	35,947	-	-	42,300	-	42,300
Shareholders´ equity 31 December 2018	**72,367**	**-**	**1,267,763**	**(15,906)**	**(1,112,096)**	**212,129**	**(548)**	**211,580**

INCOME STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2018	Parent Company 2017
Net sales		15,850	-
Gross profit/loss		**15,850**	**-**
			-
Administrative expenses	8,9,10,14,32,34	(15,096)	(12,062)
Other operating income	12	81	-
Other operating costs	13	-	(23)
Operating profit/loss		**835**	**(12,085)**
Profit/loss on shares in group companies	15	(25,885)	(100)
Loss from other participating interests		(16,577)	-
Interest and similar income	16	3,002	3,704
Interest and similar expenses	16	-	(4,887)
Profit/loss before taxes		**(38,625)**	**(13,368)**
Taxes	17	-	-
Profit/loss for the year		**(38,625)**	**(13,368)**

Anoto

BALANCE SHEET – PARENT COMPANY

(KSEK)	Note	Parent Company 2018	Parent Company 2017
ASSETS			
Non-current assets			
Intangible fixed assets			
Patents	19	2	11
Brands	20	16	21
Other intangible assets	21	5,983	5,983
Total intangible fixed assets		**6,001**	**6,015**
Financial fixed assets			
Other long-term securities	25	385	16,962
Shares in group companies	24	46,646	72,531
Receivables - group companies		221,895	210,535
Total financial fixed assets		268,926	300,028
Total non-current assets		**274,927**	**306,043**
Current assets			
Receivables - group companies		305,876	269,743
Other receivables		367	832
Prepaid expenses and accrued income	29	3,221	213
Total current receivables		**309,464**	**270,788**
Cash and bank balances		**1,055**	**13,911**
Total current assets		**310,519**	**284,699**
TOTAL ASSETS		**585,446**	**590,742**

(KSEK)	Note	Parent Company 2018	Parent Company 2017
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Restricted equity			
Share capital	38	72,367	61,240
Statutory reserve		123,031	123,031
Total restricted equity		**195,398**	**184,271**
Non restricted equity			
Share premium		689,216	634,466
Earnings brought forward		(315,662)	(288,281)
Total non-restricted equity		**373,554**	**346,185**
Total equity		**568,952**	**530,456**
Non-current liabilities			
Convertible debt	43	2,149	44,449
Other long-term liabilities		4,037	-
Total Non-current liabilities		6,186	44,449
Current liabilities			
Accounts payable		1,434	7,075
Liabilities to group companies		6,902	6,902
Other liabilities		1,446	178
Accrued expenses and prepaid income	31	527	1,682
Total current liabilities		**10,309**	**15,837**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**585,446**	**590,742**

CASH FLOW STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2018	Parent Company 2017
OPERATING ACTIVITIES			
Profit after financial items		(22,048)	(13,368)
Items not affecting cash flow:			
Depreciation and amortization of assets	14, 18-23	14	15
Impairment of shares in group companies	15	25,885	100
Other items	39	(16,577)	
Cash flow from operating activities before change in working capital		**(12,726)**	**(13,253)**
Cash flow from change in working capital			
Change in operating receivables		(38,676)	(42,960)
Change in operating liabilities		(1,491)	(149,320)
Total change in working capital		**(40,167)**	**(192,280)**
Cash flow from operating activities		**(52,893)**	**(205,533)**
Investment activities			
Other intangible assets	21	-	(5,983)
Financial assets		16,577	
Cash flow from investment activities		**16,577**	**(5,983)**
Total cash flow before financing activities		**(36,316)**	**(211,516)**
Financing activities			
Convertible debt issued		-	74,449
Loan notes		-	(5,938)
New share issues		23,578	43,923
Long term receivable group companies		-118	112,690
Cash flow from financing activities		**23,460**	**225,124**
Cash flow for the year		**-12,856**	**13,608**
Cash and cash equivalents at beginning of the year		13,911	303
Cash and cash equivalents at end of the year	39	**1,055**	**13,911**

CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

(KSEK)	Share capital	Ongoing new share issue	Statutory reserve	Share premium	Earnings brought forward	Total Equity
Shareholders´ equity 01 January 2017	**46,817**	**24**	**123,031**	**538,975**	**(263,533)**	**445,314**
Total profit/loss for the year	-	-	-	-	**(13,368)**	**(13,368)**
Total comprehensive income/cost for the year	-	-	-	**-**	(13,368)	**(13,368)**
Revaluation of net investment in foreign currency					(11,381)	**(11,381)**
New share issue	4,250	-	-	39,673	-	**43,923**
Ongoing new share issues	57	-24	-	(1,266)	-	**(1,233)**
Conversion of debt	10,116			57,084		**67,200**
Shareholders´ equity 31 December 2017	**61,240**	**-**	**123,031**	**634,466**	**(288,281)**	**530,456**
Total profit/loss for the year	-	-	-	-	**(38,625)**	**(38,625)**
	-	-	-	-		
Total comprehensive income/cost for the year	-	**-**	-	**-**	(38,625)	**(38,625)**
Revaluation of net investment in foreign currency	-	-	-	-	11,244	**11,244**
New share issue	4,774	-	-	18,803	-	**23,577**
Conversion of debt	6,353	-	-	35,947	-	**42,300**
Shareholders´ equity 31 December 2018	**72,367**	**-**	**123,031**	**689,216**	**(315,662)**	**568,952**

NOTES TO THE FINANCIAL STATEMENTS

Anoto Group AB, the parent company of the Anoto Group, is a limited liability company with its registered office in Flaggan 1165, 116 74 Stockholm, Sweden, The Anoto Group is a global provider of Enterprise Solution and Licensing, Notetaking, OEM, aDNA, C.AI,

NOTE 1 – General Accounting policies

The consolidated financial statements of Anoto Group AB (publ) (Anoto) have been prepared in compliance with the Swedish Annual Accounts Act. International Financial Standards (IFRS), interpretation from IFRS Interpretations Committee as endorsed by EU and the Swedish Financial Reporting Board recommendations RFR 1 “Complementary accounting rules for corporate groups”.

The Group’s financial statements have been prepared under the assumption that the group operates on going concern basis.

The parent company’s annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (ARL) and the Swedish Financial Reporting Board recommendation RFR2, “Reporting for legal entities”. The financial statements are denominated in thousands of Swedish kronor (SEK Thousand), refer to January 1 – December 31 for income statement items and December 31 for balance sheet items.

The financial statements have been approved for distribution by the Board and the CEO on April 13, 2019. The Group’s statement of comprehensive income and statement of financial position, and the parent company’s income statement and balance sheet, will be subject to approval by the Annual General Meeting on May 15, 2019.

NOTE 2 – Accounting policies

THE GROUP

Other than the revaluation of certain financial instruments, assets and liabilities are based on historical cost.
The parent company´s reporting currency, Swedish kronor (SEK), is also the reporting currency for the Group.

Below is a summary of the accounting policies used by the Group. The accounting policies have, with the exceptions described, been applied consequently to all periods presented, in the Group´s financial statements.

Classification etc.

Fixed assets and financial liabilities consist of amounts expected to be recovered or settled after more than twelve months after the reporting period. Current assets and current liabilities consist of amounts to be recovered or paid within twelve months after the reporting period

Basis of consolidation

The consolidated accounts incorporate the financial statements of Anoto Group AB (publ.) and entities controlled by the parent company and its subsidiaries. Control is achieved when the parent company has power over the investee through ownership, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its return. In determining whether control exists, potential voting rights are considered.

The consolidated accounts have been prepared in accordance with the acquisition method. Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values on the acquisition date of assets transferred, liabilities incurred to the former owners, and the equity instruments that Anoto has issued in exchange for control in the acquired unit. Transaction costs that arise, with the exemption of transaction costs arising from issues of equity instruments or debt instruments, are recognized directly in profit or loss for the year.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for deferred taxes, liabilities or equity instruments related to share-based payments arrangement, and assets classified as held for sale.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquisition, and the fair value of the acquirer´s previously held equity interest in the acquisition (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the difference is negative, a so called *bargain purchase*, this is recognized directly in profit or loss for the year.

Transferred consideration in connection with the acquisition does not include payments that apply to settlement of previous business relations. This type of settlement is recognized in profit or loss.

Contingent considerations are measured at fair value on the acquisition date. In cases where a contingent payment is classified as an equity instrument, no revaluation is done at subsequent reporting dates, and its subsequent settlement is accounted for in equity. Other contingent payments are remeasured at fair value at every reporting date, and the change is recognized in profit or loss for the year.

Non-controlling interests may be initially measured either as the proportionate share of net assets or at fair value meaning that goodwill is included in the non-controlling interest. The choice of method can be made individually for each acquisition.

Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.

In cases where the subsidiary's accounting policies do not comply with Group accounting policies, adjustments are made to the Group's accounting policies. Losses attributable to non-controlling interest is distributed even in cases where non-controlling interest will be negative.

Non-controlling interest

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).

Elimination of intra-Group transactions

All intra-Group transactions are eliminated in the consolidated accounts. Intragroup transactions include internal sales, profits and balances, as well as shareholders' contributions to Group companies and impairment losses on participations in Group companies.

Transactions in foreign currencies

A functional currency is assigned to each foreign subsidiary. The functional currency is the currency of the primary economic environment in which the companies carry out their business. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate in effect on the balance sheet date. Exchange rate differences arising from translation are recognized in profit or loss for the year. Non-monetary assets and liabilities recognized at historical costs are translated at the exchange rate at the time of the transaction. Non-monetary assets and liabilities recognized at fair value are translated at the functional currency at the exchange rate applicable at the time of valuation to fair value.

The financial statements of the foreign subsidiaries that have a different functional currency than Anoto's functional currency (the Swedish krona) are translated into the exchange rate on the balance sheet date for all balance sheet items, including goodwill and other consolidated surpluses and deficits and at the average exchange rate for all items included in the result. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in the revaluation reserve in equity in respect of that operation attributable to the owners of Anoto are reclassified to profit or loss.

Revenue recognition

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and several revenue-related Interpretations. IFRS 15 has been applied retrospectively without restatement of previous reporting periods, with the cumulative effect of initial application recognized as an adjustment to the opening balance of retained earnings/profit brought forward at 1 January 2018.

Revenue arises mainly from the sale of digital pens and with associated software and patterns.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

The Group often enters into transactions involving several of Anoto's product and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.
Contracts with multiple performance obligations
Many of the Group's contracts comprise a variety of performance obligations including, but not limited to sales of digital pens and software license, patterns and professional services. The Group have evaluated the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customizing it).

The Group has identified each product or service as distinct.

- Hardware pens including a pen license fee – revenue recognized at a point in time
- Software license fee – revenue recognized over time
- Pattern – revenue recognized at a point in time
- Other services – revenue recognized at a point in time
- Pens and accessories – revenue recognized at a point in time

Revenue recognition according to IFRS 15 implies that there are no changes compared to the previous revenue recognition policies.

Financial income and expenses

Financial income and expenses comprise interest on borrowings, the effect of dissolving the present value of provisions, revaluation gains and losses on financial assets valued at fair value through profit or loss, and impairment of financial assets. Borrowing costs are recognized in earnings using the effective interest method, except to the extent they are directly attributable to the acquisition, construction, or production of assets that take a substantial period of time to get ready for intended use or sale, in which case they are added to the cost. Exchange gains and losses are reported net.

Intangible assets

Goodwill

Goodwill, which is reported in connection with the acquisition of subsidiaries in accordance with the above, is initially recorded as an asset at cost as established at the date of acquisition of the business. As described in note 22 the Group has three cash-generating units for which the goodwill value is impairment-tested. Goodwill is not amortized but subject to an impairment test annually or whenever necessary by calculating the recoverable amount of the corresponding cash-generating unit. The recoverable amount is defined as the asset's net realizable value or value in use, whichever is higher. Goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognized if the value of the unit reported by the Group exceeds the recoverable amount. The impairment loss is recognized directly in profit or loss.

Research and development

Expenses for research related to acquiring new scientific or technical knowledge are expensed immediately as they occur. Expenses for development, where the results from research or other knowledge are applied to achieve new or improved products, are reported as an asset in the statement of financial position if it is technically possible to complete the product, if there is an intention to complete and use or sell the product and if it is likely that the product will generate future economic benefits. The cost includes all directly attributable expenses, such as material and services, payroll, and registration of legal rights. Other expenses related to development are expensed directly as they occur. In the statement of the financial position development expenses are recorded at cost less accumulated amortization and impairment losses.

Amortization of capitalized development expenses begins in conjunction with the intangible asset being brought into use.

Other intangible assets

Other intangible assets acquired by the Group mainly relate to patents, brands, and licenses and are recorded at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenses

Subsequent expenditures on capitalized intangible assets are recognized as an asset in the financial statement only when it increases the future economic benefits for the specific asset to which they relate. All other expenditures are expensed as incurred.

Tangible fixed assets

Property, plant and equipment consisting of furniture, other equipment, computer hardware and software is recognized at cost less accumulated depreciation and any impairment losses. Acquisition cost includes purchase price and expenses directly attributable to bringing the asset to its use as intended with the acquisition. Other expenses are added to the acquisition cost only if it is probable that such expenses will lead to future economic benefits and if such expenses can be calculated properly. Other related costs are reported as expenses as they occur.

Depreciation and amortization

Depreciation and amortization of the assets are based on the cost and is carried out on a straight-line basis over the estimated useful economic lives of the assets in view of the following depreciation and amortization periods:

-	Patents	10 years
-	Capitalized development expenditures	5 years
-	Brands	10 years
-	Equipment	5 years
-	Capital expenditure on rented assets	5 years

The depreciation and amortization methods used, and the useful lives of assets are reassessed at the end of each financial year.

Impairment

Impairment of intangible and tangible fixed assets

If there is an indication that a Group asset has been impaired, its recoverable amount is estimated. The recoverable amount is defined as the asset's net realizable value or value in use, whichever is higher. When determining the value in use, the present value of the future cash flows that the asset is expected to give rise to during its useful life is estimated. An impairment loss is recognized if the Group's reported carrying amount exceeds the recoverable amount, and the impairment loss is recognized in profit or loss.

The development in progress is tested for impairment annually.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Leases

Lease contracts are classified as either financial or operational leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group has only a few insignificant finance lease contracts. Operating and finance lease payments are recognized as an expense on a straight-line basis over the lease term.

Earnings per share

The calculation of earnings per share is based on the annual result in the Group attributable to the shareholders of the parent company and the weighted average of outstanding shares during the year. When calculating diluted earnings per share the earnings and the average number of shares are adjusted in order to consider potential dilution from preference shares, which during the reporting periods relates to options granted to employees.

Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are retranslated at the exchange rate on the balance sheet date, and unrealized exchange gains and losses are included in profit or loss. Exchange gains/losses on operating receivables and liabilities are reported as other operating income/expenses. Exchange rate differences on financial receivables and payables are reported as financial items.

Financial instruments

The Group's financial instruments consist mostly of accounts receivable, cash and cash equivalents, long-term receivables, accounts receivable, financial investments, interest bearing liabilities and accounts payables.

For all financial assets and liabilities at amortized cost, the carrying amount is a reasonable estimate for the fair value.

Recognition and derecognition

A financial asset or financial liability is recognized in the statement of financial position when the group becomes party to the instrument's contractual terms. A receivable is recognized when the group has performed and there is a contractual obligation on the counterpart to pay, even if the invoice has not been sent. Accounts receivable are recorded in the statement of financial position when the invoice is sent. Liabilities are recognized when the counterparty has performed and there is contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognized when an invoice is received.

A financial asset is derecognized from the statement of financial position when the rights to the agreement are realized, expired or when the company loses control over them. The same applies to portions of financial assets. A financial liability is derecognized from the statement of financial position when the obligations are discharged, cancelled or have expired. The same applies for part of a financial liability.

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the category amortized cost or fair value through other comprehensive income.

The classification is determined by both:

- The group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

Management holds most financial assets to hold and collect the associated cash flows. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes financial assets like the Group's cash and cash equivalents, loans and receivables with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost in accordance with IFRS 9.

The Group has made an irrecoverable choice to measure other long-term investments in SMARK Co., Ltd at fair value through other comprehensive income (FVOCI). This investment was previously classified as available-for-sale under IAS 39.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items.

Financial assets classified as available for sale under IAS 39 (comparative periods)

Available for sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (fair value through profit or loss or held to maturity and loans and receivables). The group's available for sale financial assets include non-current investments and securities.

All available for sale financial were measured at fair value. Gains and losses were recognized in other comprehensive income and reported within the available for sale reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognized in other comprehensive
Income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognized in profit or loss within finance income.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

Trade and other receivable and contract assets

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 27 is a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognized in profit or loss

All interest-related charges are included within finance costs.

Cash and bank balances

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventory

Inventory, consisting of finished products and critical components, is stated at the lower of cost (in accordance with FIFO) and net realizable value. The cost of inventories includes costs incurred to purchase inventory assets and transport them to their current location at their current states.

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the followings:

- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the group's foreign entities into SEK
- Reserves for available-for-sale financial assets and cash flow hedges – comprises gains and losses relating to these types of financial instruments.

Retained earnings includes all current and prior period retained profits and share-based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Employee benefits

All pension plans in the Group are classified as defined contribution pension plans, as Anoto´s obligation is limited to the contributions that the company has undertaken to pay. In those cases, the size of an employee´s pension depends on the contributions the company pays into a fund or to an insurance company and the capital return on those contributions. Consequently, it is the employee who takes the actuarial risk (that the benefit becomes less than expected) and the investment risk (that the invested assets will be insufficient to support the expected benefit). The company´s commitments concerning service costs paid to defined contribution pension plans are expensed against profit when employees have rendered service entitling them to the contributions employees´ performance of their service for the company during a period.

Short-term compensation paid to employees is calculated without discounting and is reported as an expense when the related services are received. A provision for estimated bonus payments is recognized when the Group has a legal or constructive obligation to make such payments due to the fact that the services in question have been received from the employees and the provision amount can be estimated in a reliable manner.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earliest of the following dates: (a) when the Group no longer has the opportunity to withdraw the offer of compensation; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of severance pay.

Share-based employee renumeration

Option Program

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group’s plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using shared-based payments, the fair value of employees’ services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognized in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Income Tax

Income tax expense represents the sum of the current tax payable and deferred tax. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity. In which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Current tax payable is based on taxable profit for the year. The tax has been calculated in accordance with each country’s tax regulations and included in the tax on profit/loss for the year item.

The Group uses the balance sheet method to calculate deferred tax assets and liabilities. In accordance with the balance sheet method, the calculation is based on tax rates as of the balance sheet date as applied to temporary differences between the reported and tax value of an asset or liability, as well as tax loss carry-forwards. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Temporary differences are not taken into consideration in consolidated goodwill or in differences attributed to initial recognition of assets and liabilities not classified as acquisitions of business operations that, at the time of the transaction, did not affect either net profit or taxable profit.

Cash flow

The cash flow statements are prepared in accordance with the indirect method, i.e., profit/loss after financial items are adjusted for transactions that have not given rise to cash receipts and payments during the period, as well as for any income and expenses attributable to the cash flow of investing or financing activities.

Provisions

A provision is recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and an amount can be reliably estimated. The following provision is reported in the statement of financial position:

Product warranties

Provisions for product warranty obligations relate to the sale of pens. The warranty time period is 12 months and the provision is classified as short-term.

Disclosures about related parties

For disclosures about the group's transactions with related parties, refer to Note 9 "Remuneration for senior executives", Note 31 Share based payments to employees and Note 36 "Related party transactions". There were no other transactions with related parties.

Segment reporting

The group is in the process of building business units to be able to present relevant segment information. The group is still analyzing which units that will be included in each business unit. Segment information will therefore not be included in the interim statement until the third quarter 2019.

Standard that is not yet effective and have not been adopted early by the group

Estimated effects of the transition to IFRS 16 Leases

As of January 1, 2019, the Group applies the new standard IFRS 16 Leases. IFRS 16 introduces a single accounting method for leasing agreements, which means that the Group's lease agreements for offices that have previously been classified as operating leases according to IAS 17 will be reported in the balance sheet as an asset in the form of a right of use and leasing debt. The company has chosen to apply the relief rules as lesser leases and agreements that run for shorter periods than 12 months from the transition date are not included. The group has chosen to apply partial retroactivity where comparative years are not recalculated and the accumulated effect (if any) is reported as an adjustment of the opening equity at the first application date.

According to the group's initial calculation, the assets will increase by TSEK 4,440 and the Group's liabilities by TSEK 4,400. The report is expected to have a positive effect on operating profit, as the Group will report depreciation on the asset instead of leasing fees.

New and revised standards that are effective for annual periods beginning on or after 1 January 2018

The amendments to IAS 7 *Statements of Cash Flows*, effective 1 January 2017, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with further subcategorized as required by IAS 7.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers and the related Clarifications to IFRS 15 Revenue from Contracts with Customers (hereinafter referred to as 'IFRS 15') replace IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related Interpretations. The new standard has been applied retrospectively without restatement. In accordance with the transaction guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The adoption of IFRS 15 has meant that the group has looked at all revenue streams and how revenue is recognized. All of the following represent one performance obligation each:

- Hardware pens including a pen license fee – revenue recognized at a point in time
- Software license fee – revenue recognized over time
- Pattern – revenue recognized at a point in time
- Other services – revenue recognized at a point in time
- Pens and accessories – revenue recognized at a point in time

Revenue recognition according to IFRS 15 implies that there are no changes compared to the previous revenue recognition policies.

IFRS 9 Financial instruments

The new Standard for financial instruments (IFRS 9) replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

Measurement of financial liabilities remain unchanged.

The classification and measurement of the Group's financial assets

Determined by both the business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. Financial assets are classified into the following categories:

- Amortized cost and
- Fair value through other comprehensive income (FVOCI)

Management holds most financial assets to hold and collect the associated cash flows. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes financial assets like the Group's cash and cash equivalents, loans and receivables with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost in accordance with IFRS 9. These assets where measured at amortized cost under IAS 39, hence there is a change in classification but not measurement.

The Group has made an irrecoverable choice to recognize other long-term investments in SMARK Co., Ltd to fair value through other comprehensive income (FVOCI). This investment was previously classified as available-for-sale under IAS 39.

PARENT COMPANY

The parent company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board recommendation RFR 2, "Reporting for Legal Entities". Application of RFR 2 entails that the parent company, in the annual report for the legal entity, shall comply with all EU-endorsed IFRSs and pronouncements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation. RFR 2 includes which exceptions from and amendments to IFRS are to be made.

For details of the parent company's accounting policies, refer to the Group's accounting policies above. The section below is limited to the parent company's deviations from the Group's policies.

Changes to accounting principles

No new or amended IFRS interpretations or other regulatory changes have had a significant effect on the parent company's financial position, results or disclosures.

Classification and presentation format

The income statements and balance sheets for the parent company are prepared in accordance with the Annual Accounts Act. The differences in the parent company´s income statement and balance sheet compared with the Group´s financial statements consist mainly of the reporting of financial income and costs and the reporting of equity.

The report over changes in shareholders' equity is prepared in the same format as for the group but with columns as required by the statements of the Annual Accounts Act.

Leases

The parent company's finance and operating leases are charged to the income statement on a straight line basis.

Financial instruments

All finance assets and liabilities are measured on costs basis

Financial instruments are measured, initially as well as subsequently, at amortized cost which normally is equal to the fair value at initial recognition but with transaction costs added.

Holdings in subsidiaries

Shares in subsidiaries are initially recorded at cost. If the carrying amount of the investment exceeds the recoverable amount (refer to section above on impairment losses), an impairment loss is recognized. Transaction costs are included in the cost for the subsidiary. Contingent payments are measured according to the probability that the payment will be made.

NOTE 3 – Assessments when applying the Group's accounting policies and the main sources of uncertain estimates

Assessments and applications in the financial statements

Preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically. Changes in estimates are recognized in the period in which they are revised if the revision affects only that period, or the period in which the revision is made and future periods if the revision affects both current and future periods.

Critical assessments when applying the group's accounting policies

When applying the Group's accounting policies (as described in Note 2), management has made the following assessments that have the most significant impact on the amounts that appear in the financial reports.

Key sources of uncertainty in the estimates

The information below concerns key assumptions about the future and other key sources of uncertainty in the estimates on the balance sheet date that entail significant risk of substantial adjustments to reported assets/liabilities for the next financial year.

Impairment testing of goodwill

Goodwill is not amortized but is subject to at least annual impairment test. When testing for impairment losses, the value in use is calculated for the three cash generating units to which goodwill has been allocated. The value in use is based on the estimated future cash flows that these cash-generating units are expected to give rise to.

As a part of the annual closing process, Anoto tested the value of the Group goodwill and found that there is no evidence of impairment regarding Group goodwill. The group will continue to review the carrying amounts of goodwill against the progress made in the business and specifically in the cash generating units to which goodwill have been allocated and further adjust goodwill as appropriate.

The reported value for goodwill is SEK 153 million as of the balance sheet date. For additional information, refer to Note 22.

Impairment testing of capitalized development expenditures and other intangible assets

Intangible assets including capitalized development expenditures that are amortized based on management's estimates of the periods in which the assets will generate revenue but are also reviewed regularly for indications of impairment. Impairment tests are based on a review of the recoverable amount, which is estimated based on management's projections of future cash flows using internal business plans and forecasts.

Asset impairment requires management's judgment, particularly in assessing:
– whether an event has occurred that may affect asset values,
– whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the asset in the business,
– the appropriate assumptions to be applied in preparing cash flow projections, and
– the discounting of these cash flows.

The value in use is based upon the estimated future cash flows that the technology and products are expected to generate. For additional information, see notes 18 and 21.

When testing for impairment losses, the value in use is calculated for the technology and products developed by the group. The group will continue to review the carrying values of capitalized development expenditures and other intangible assets against the progress made in the business and will further adjust the carrying value of other intangible assets including capitalized development expenditures as appropriate.

Inventories

The Group values inventory at the lower of historical cost, based on the first-in, first-out basis, and net realizable value. The calculation of net realizable value involves management's judgment as to the estimated sales prices, overstock articles, obsolete and out-dated articles, damaged goods, and selling costs. If the estimated net realizable value is lower than cost, a valuation allowance is established for inventory obsolescence. See note 39 for additional information.

Legal proceedings

Anoto recognizes a liability when the Group has an obligation from a past event involving the transfer of economic benefits and when a reasonable estimate can be made of what the transfer might be. The Group reviews outstanding legal cases regularly in order to assess the need for provisions in the financial statements. These reviews consider the factors of the specific case using internal resources and external counsel as appropriate. The financial statements may be affected to the extent that management's assessments of the factors considered are not consistent with the actual outcome.

NOTE 4 – Risk management by the group

The Anoto Board of Directors has adopted a financial policy for:

- Simplifying and harmonizing the Group's financial activities
- Defining rules for the financial risks that are accepted by the Board
- Adopting guidelines for the Group to operate independently
- Delegating management of financial risks to the senior management

The areas of the financial policy that most affect Anoto's management of financial risks are liquidity and currency.

The group management of Anoto identify liquidity and currency risk in preparing budgets, forecasts, and when reviewing the performance of the business. Management maintains strategies to minimize the impact of these risks.

Risk definitions

Liquidity risk	The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
Loans	Loans are financial liabilities, other than short-term trade payables on normal credit terms.
Market risk	The risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices. There are three types of market risk: currency risk, interest rate risk and other price risk.
Currency risk	The risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest risk	The risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market interest rates.
Other price risks	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors related to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
Credit risk	The risk that one party to a financial instrument will fail to discharge an obligation and cause a financial loss.

Liquidity policy

In accordance with the Group Finance policy the cash needs of the Group are continually updated. These cash flow analyses give information about cash planning, deposits, interest periods etc. In accordance with the liquidity policy, available cash shall consist of cash and negotiable securities with an official credit rating equivalent to Moody's P1.

Liquidity and financing risk

Anoto´s cash and cash equivalents, as cash and bank deposits, amounted at the end of 2018 to MSEK 5 (32).

There is a credit facility amounting to 15 MSEK that can be executed if necessary. Apart from that there is no liquidity reserve, such as overdraft facilities. The only other financial liabilities that, apart from the interest on the loans, will affect cash flow are accounts payable and other current liabilities. All these liabilities fall due within 3 months.

Maturity structure financial liabilities (KSEK):

2018:

	0-3 months	4-6 months	7-12 months	1-5 years
Borrowings	0	0	2,149	0
Accounts payable	30,633	0	0	0
Other current liabilities	6,928	0	0	0

2017:

	0-3 months	4-6 months	7-12 months	1-5 years
Borrowings	0	0	0	44,449
Accounts payable	38,857	0	0	0
Other current liabilities	10,395	0	0	0

Currency exposure and currency policy
Transaction exposure

Transaction exposure arises when income and expenses are in other currencies. Anoto has significant currency flows in USD, EUR, GBP, and KRW because most of its invoicing are denominated in those currencies. Anoto's Group's currency policy does not provide for hedging mainly due to the difficult of producing the needed flows forecasts in the relevant currencies.

The net exposure in EUR results from the Group invoicing mostly in EUR in the European market and local expenses Anoto Portugal.

The net exposure in USD is attributable to revenue and expenses through Livescribe, Inc. The expenses in USD are a combination of the purchasing of components and finished goods along with current expenses incurred in the US based subsidiaries.

The net sales in GBP relate to invoicing to customers in the UK by our UK based subsidiary and the costs in GBP are related to the running of the UK business.

The net exposure in KRW arises due to sales invoiced in Korea by Anoto Korea Inc. These sales exposures are offset by local costs.

The net exposure in SGD arises due to local costs by Anoto Singapore.

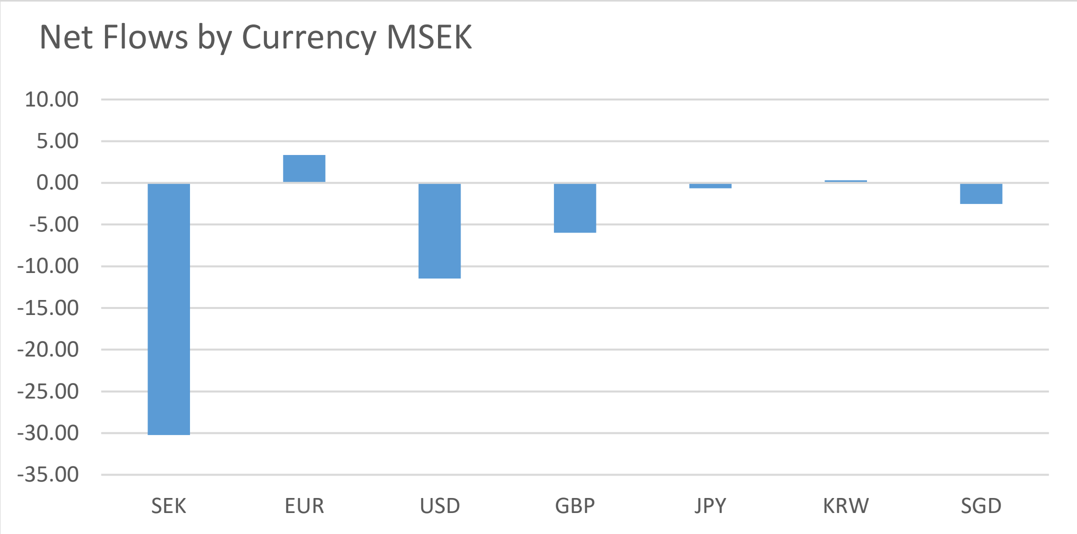
Sensitivity analysis exposure

The following table indicates the effect of a 5 percentage point weakening or strengthening of the currencies against SEK.

USD	0.4 +/- MSEK
EUR	0.2 +/- MSEK
GBP	0.3 +/- MSEK
KRW	0.0 +/- MSEK
JPY	0.0 +/- MSEK
SGD	0.1 +/- MSEK

This analysis is based on the proportion of revenues and costs in each currency to which the group is exposed.

Actual Net flows by currency 2018 MSEK



Translation exposure

Hedging of translation exposure is determined by the Group finance policy. Currently no hedging of the translation exposure is undertaken. An annual analysis of the risk takes place in order to identify changes in exposure. The net assets in the subsidiaries in the US, UK, Portugal, Korea and Singapore amount to MSEK -155.0, MSEK -74.4, MSEK -0.7, MSEK -41.6 and MSEK -2.6 respectively.

The effect on the translation reserve of a 5 percent change of the exchange rate is:

USD	7.7 +/- MSEK
GBP	3.7 +/- MSEK
EUR	0.0 +/- MSEK
KRW	2.1 +/- MSEK
SGD	0.1 +/- MSEK

Interest risk

Interest rates are currently low and not expected to increase in the near future. The Group also has a low level of interest bearing loans and borrowings and management therefore considers that interest risk is not currently a significant exposure of the Group. Convertible Debt is not interest bearing; details of interest bearing liabilities are set out in note 32.

Other Price risk

The Group carries Other long term investments at historical cost, less any allowance for impairment. At December 31, 2018 no allowance for impairment was considered necessary. There is a risk that the market value of these investments may fall. Management monitors the market price of these investments and assesses the need for any impairment provision.

Credit risk

The management of credit risks can be broken down into commercial risks and financial risks. The provisions set aside for bad debt losses as of the balance sheet date is based on expected, not incurred credit losses and not identified any commercial credit risks. The financial credit risk on financial transactions is that the company incurs losses as a result of non-payment by counterparts related to investments and bank deposits. The group uses only stable A-rated Nordic banks which is why the risk is limited.

For additional information about credit risk in accounts receivable, see Note 27. The financial credit risk is managed as part of the Group's finance policy. For other financial instruments, it is assessed that no significant credit risks exist.

NOTE 5 – Net sales and assets

Group sales per market and per product group

(KSEK)	Licenses	Digital Pens	Others	Total
Sweden	104	905	70	1,079
Rest of EU	18,197	9,822	4,884	32,903
USA	853	37,961	8,512	47,326
Japan	1,067	328	84	1,478
Rest of Asia	1,603	22,325	1,667	25,596
Rest of the world	196	4,275	2,702	7,173
31 December 2018 Total	**22,020**	**75,615**	**17,920**	**115,556**

(KSEK)	Licenses	Digital Pens	Others	Total
Sweden	34	1,256	198	1,488
Rest of EU	3,292	13,090	8,532	24,919
USA	625	46,018	9,853	56,506
Japan	1,172	6,259	553	7,984
Rest of Asia	18,225	51,404	3,163	72,791
Rest of the world	1,084	7,278	965	9,327
31 December 2017 Total	**24,433**	**125,305**	**23,272**	**173,010**

Group assets per market

(KSEK)	Intangible assets		Tangible assets	
	2018	2017	2018	2017
Sweden	173,639	229,610	-	-
US	-	9,424	600	714
UK	7,988	5,615	728	2,326
Korea	19,240	10,633	1,905	364
Total	**200,867**	**255,282**	**3,233**	**3,404**

NOTE 6 – Average number of employees

	2018 No. of Ee's	2018 Of which are Men	2017 No. of Ee's	2017 Of which are Men
Group companies:				
Sweden	-	-	19	15
US	1	-	4	3
Japan	-	-	1	1
Korea	20	14	14	11
UK	11	7	23	17
Singapore	1	-	-	-
Portugal	1	1	-	-
Total	**34**	**22**	**61**	**47**

The parent company has no employees.

NOTE 7 – Board of Directors and management split by gender

	2018 No. of Ee's	2018 Of which are Men	2017 No. of Ee's	2017 Of which are Men
Board of Directors Parent company	3	3	6	5
Board of Directors Group companies	1	1	3	3
Total Board	**4**	**4**	**9**	**8**
Management Group companies	3	3	3	3
Total Management	**3**	**3**	**3**	**3**

Anoto

NOTE 8 – Salaries and remuneration

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Salaries				
Board of Directors and CEO	4,816	4,187	4,994	3,069
Other senior executives	4,109	9,937	-	-
Other employees Sweden	1,906	1,976	-	-
Other employees US	737	2,331	-	-
Other employees UK	5,974	6,449	-	-
Other employees Japan	-	1,449	-	-
Other employees Korea	1,604	1,823	-	-
Other employees Portugal	18	-	-	-
Other employees Singapore	791	-	-	-
Total salaries	**19,955**	**28,151**	**4,994**	**3,069**
Payroll overhead				
Board of Directors and CEO	1,645	956	-	824
Other senior executives	239	2,194	-	-
Other employees Sweden	81	(139)	-	-
Other employees US	531	684	-	-
Other employees UK	628	804	-	-
Other employees Japan	-	86	-	-
Other employees Korea	1,070	640	-	-
Other employees Portugal	83	-	-	-
Other employees Singapore	112	-	-	-
Total payroll overhead	**4,389**	**5,225**	**-**	**824**
Pension expenses				
Board of Directors and CEO	-	-	-	-
Other senior executives	-	115	-	-
Other employees Sweden	-	1,567	-	-
Other employees US	153	-	-	-
Other employees UK	205	241	-	-
Other employees Japan	-	-	-	-
Other employees Korea	268	260	-	-
Other employees Portugal	-	-	-	-
Other employees Singapore	-	-	-	-
Total pension expenses	**626**	**2,184**	**-**	**-**
Total salaries and remunerations	**24,970**	**35,561**	**4,994**	**3,893**
Whereof:				
Sweden	5,000	7,372	4,994	3,893
US	3,182	10,477	-	-
UK	8,839	12,094	-	-
Japan	-	1,535	-	-
Korea	5,164	4,082	-	-
Portugal	466	-	-	-
Singapore	5,164	-	-	-
Total	**24,970**	**35,561**	**4,994**	**3,893**

Salaries and other remunerations are included in the statement of comprehensive income headlines as follows:

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Selling expenses	7,112	8,563	-	-
R&D expenses	6,994	17,191	-	-
Administrative expenses	10,864	9,807	4,994	3,893
Total	**24,970**	**35,561**	**4,994**	**3,893**

NOTE 9 – Remuneration of the Board of Directors, CEO and management

Board and CEO 2018		(KSEK)	**Salary/ Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Joonhee Won	-	CEO	3,385	-	-	-	3,385
Jörgen Durban	-	Chairman of the Board	785	-	-	-	785
Young Soo Ha	-	Board Member	318	-	-	-	318
Mariel Clemensen	-	Board Member	150	-	-	-	150
Jeffrey Weedman	-	Board Member	150	-	-	-	150
Will Reeb	-	Board Member	28	-	-	-	28
Total 1)			**4,816**	**-**	**-**	**-**	**4,816**

Board and CEO 2017		(KSEK)	**Salary/ Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Joonhee Won	-	CEO	2,837	-	-	-	2,837
Jörgen Durban	-	Chairman of the Board	900	-	-	-	900
Young Soo Ha	-	Board Member	150	-	-	-	150
Mariel Clemensen	-	Board Member	150	-	-	-	150
Jeffrey Weedman	-	Board Member	150	-	-	-	150
Dongyi Lee	-	Board Member	-	-	-	-	-
Total 1)			**4,187**	**-**	**-**	**-**	**4,187**

Management 2018 (KSEK)	**Salary / Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Group management 2)	4,109	-	-	-	4,109
Total	**4,109**	**-**	**-**	**-**	**4,109**

Management 2017 (KSEK)	**Salary / Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Group management 2)	9,937	-	115	-	10,052
Total	**9,937**	**-**	**115**	**-**	**10,052**

1) Compensation to Board members (Board fees) are paid from the parent company. Compensation to the CEO may originate from other Group companies.

2) Compensation to Group management may originate from Group companies.

Guidelines for compensation to the Executives of the Company (Annual General meeting 2018)

The compensation level and structure shall be at market level. The total compensation shall be a balanced mix of fixed salaries, variable compensation, retirement and health plans, any other benefits and terms for dismissal and severance payments. The compensation may also comprise stock related long term incentive programmes.

The variable compensation varies for each executive and shall primarily be related to Anoto´s budget and may not exceed fifty per cent of the fixed salary. The retirement plan shall be competitive. Other benefits, like health plans, housing allowances and company cars, shall be competitive.

As a main rule all of the Executives shall have a mutual notice period of three months.

Stock related incentive plans are to be determined by the AGM. Issues and transfers of securities determined by the AGM according to the rules of Chapter 16 in the Swedish Companies Act are not comprised by these guidelines in case the AGM has or will make such decisions.

Board members of the Company, elected by the AGM, may in special cases receive a fee for services performed within their respective areas of expertise, separately from their board duties and for a limited period of time. Compensation for these services shall be paid at market terms.

The Board of Directors shall be entitled to deviate from these guidelines in a certain case should there be specific reasons.

NOTE 10 – Audit Fees

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Deloitte				
Audit assignment, Deloitte	-	1,019	-	1,008
Tax advisory services	-	36	-	-
Other services	-	-	-	-
Total	**-**	**1,055**	**-**	**1,008**
Grant Thornton				
Audit assignment, Grant Thornton	2,850	528	2,032	528
Tax advisory services	372	78	5	78
Other services	445	60	421	60
Total	**3,667**	**666**	**2,458**	**666**
Other auditors				
Audit assignment, other auditors	172	207	60	-
Tax advisory services	121	-	85	-
Total	**293**	**207**	**145**	**-**
Total	**3,960**	**1,928**	**2,603**	**1,674**

Audit fees refer to the audit of the financial statements and the accounting records. For the Parent company this also includes the administration of the business by the Board of Directors and the CEO.

Audit activities other than audit assignments refer, for example, to auditor´s statements for share issues.

Tax advisory involves the provision of advisory services related to taxes, VAT and fees.

Other services relate mainly to consultancy services, such as services related to prospectuses.

NOTE 11 – Operating costs by type

(KSEK)	Note	Group 2018	Group 2017	Parent 2018	Parent 2017
Cost of goods sold		-51,903	-99,473	-	-
Change in Inventories		-26,194	-2,616	-	-
Personnel cost	8	-24,970	-35,561	-3,583	-3,893
External services		-41,118	-38,086	-8,825	-5,976
Rent		-8,942	-8,746	-	-
Travel expenses		-6,668	-6,540	-2,521	-2,328
Marketing and PR		-3,592	-2,543	-153	-
Depreciation and amortisation	14	-13,382	-15,835	-14	-15
Impairment	14	-71,552	-	-	-
Other operating costs	13	-13,729	-7,482	-	-23
Total		**-262,051**	**-216,881**	**-15,096**	**-12,235**

NOTE 12 – Other operating income

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Exchange gains	13,342	7,294	81	-
Other operating income	992	-	-	-
Total	**14,334**	**7,294**	**81**	**-**

NOTE 13 – Other operating costs

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Other operating expenses	(534)	(482)	-	(23)
Loss on Sales of Fixed Assets	(1,359)	-	-	-
Exchange losses	(11,835)	(7,000)	-	-
Total	**(13,728)**	**(7,482)**	**-**	**(23)**

NOTE 14 – Depreciation, amortization and impairment

Depreciation of property, plant and equipment and amortization and impairment of intangible fixed assets are included in the statement of comprehensive income as follows:

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Amortization intangible fixed assets				
Administrative expenses	(12,657)	(11,491)	(14)	(15)
Total amortization intangible fixed assets	**(12,657)**	**(11,491)**	**(14)**	**(15)**
Depreciation tangible fixed assets				
Selling expenses	-	(369)	-	-
Research & development expenses	(725)	(3,975)	-	-
Total depreciation tangible fixed assets	**(725)**	**(4,344)**	**-**	**-**
Impairment intangible fixed assets				
Administrative expenses	(71,552)	-	-	-
Total impairment intangible fixed assets	**(71,552)**	**-**	**-**	**-**
Total amortization, depreciation and impairment	**(84,934)**	**(15,835)**	**(14)**	**(15)**

The group reviews intangible assets on a regular basis to determine if these have been impaired and if the estimated recoverable amount is less than the carrying value an impairment is recognised.

NOTE 15 – Profit/loss on participations in group companies – Parent Company

(KSEK)	Parent company 2018	Parent company 2017
Impairment of shares 1)	25,885	100
Total	**25,885**	**100**

1) Refers to write-off in 2018 related to write down of the shares in XMS Penvision AB and, in 2017 related to unconditional shareholders' contributions to subsidiaries Anoto Licensiering AB.

NOTE 16 – Financial income and expenses

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Financial income				
Other interest income	6	108	-	43
Other financial income	230	-	-	
Interest from Group companies	-	-	-	3,663
Exchange gains	13,520	-	3,002	
Total financial income	**13,756**	**108**	**3,002**	**3,704**
Financial expenses				
Interest expenses on loans	-	(111)	-	(111)
Other interest expenses	(572)	-	-	-
Other financial expenses	(47)	(789)	-	-
Loss on sale of investments	-	-	-	-
Exchange losses	-	(18,831)	-	(4,776)
Total financial cost	**(619)**	**(19,731)**	**-**	**(4,887)**
Total financial net income/(expense)	**13,137**	**(19,623)**	**3,002**	**(1,183)**
Of which:				
Interest income from instruments valued at accrued amortized cost value	-	-	-	-
Interest expenses from instruments valued at accrued acquisition value	-	(111)	-	(111)

NOTE 17 – Income taxes

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Deferred tax	3,174	3,257	-	-
Total	**3,174**	**3,257**	**-**	**-**

Correlation between tax expense for the year and reported profit/loss before tax

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Reported profit/(loss) before tax	(119,023)	(56,201)	(22,048)	(13,368)
Tax in accordance with current tax rate of 22%	26,185	12,364	4,851	2,941
Other	-	-	-	(22)
Tax impact of non-deductible expenses	(23,275)	(2,503)	(5,748)	(5)
Tax impact of non-taxable income	3,349	2,200	-	-
Increase/decrease of tax deficits without corresponding capitalization	(3,002)	(8,804)	897	(2,914)
Tax reported	**3,174**	**3,257**	**-**	**-**

Tax deficit

(KSEK)	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Opening balance Swedish companies	(877,857)	(833,455)	(35,212)	(21,967)
Opening balance foreign companies	(1,281,751)	(272,375)		
Acquisitions of group companies	-	-		
Deconsolidation of group companies	-	-		
Opening balance adjust from prior year	(18,760)	(962,221)		
Tax deficit of the year Swedish companies	(2,500)	(45,385)	4,078	(13,245)
Tax deficit of the year foreign companies	(19,131)	(46,172)		
Closing tax deficit	**(2,199,999)**	**(2,159,608)**	**(31,134)**	**(35,212)**
Nominal amount, tax asset 20.6% Swedish companies	**453,200**	**444,879**	**6,414**	**7,254**

Due to the fact that the Group still reports a loss, the value of deferred tax assets is not recognised in the balance sheet. Some of the amounts above can be subject to limitations in the future.

The deferred tax charge and deferred tax liabilities in the Group relate to intangible fixed assets.

NOTE 18 – Capitalised development expenditures

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Accumulated historical cost				
Opening accumulated historical cost	102,535	70,029	-	-
Capitalization for the year [1)]	19,188	32,506	-	-
Closing accumulated historical cost	**121,723**	**102,535**	**-**	**-**
Accumulated amortization				
Opening accumulated amortization	(17,054)	(17,050)	-	-
Amortization for the year according to plan	(2,733)	(4)	-	-
Closing accumulated amortization	**(19,787)**	**(17,054)**	**-**	**-**
Accumulated impairment losses				
Opening accumulated impairment losses	-	-	-	-
Impairment losses for the year	(52,975)	-	-	-
Closing accumulated impairment losses	**(52,975)**	**-**	**-**	**-**
Closing residual value	**48,961**	**85,481**	**-**	**-**

[1)] *Internally developed*

Capitalised development expenditures comprise costs incurred on projects developing products and technology.

When testing for impairment losses, the value in use is calculated for the technology and products developed by the group. The value in use is based upon the estimated future cash flows that the technology and products are expected to generate. If book value exceeds the value in use for a specific asset the value is impaired.

Amortization by function is shown in note 14.

The project has been capitalized until 2017 with further development and launch in the future. But, during 2018, with the new pens launch and more new pens development plan, the previous project was decided to be dropped so the capitalized amount for the project has been written off to zero.

In-process technology was tested for impairment during the fourth quarter of fiscal year 2018 and did not require an impairment charge needed. We also reviewed amortization estimates, methods and the amortization periods for our intangible assets and noted no indicators that warranted a change in amortization.

NOTE 19 – Patents

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Accumulated historical cost				
Opening accumulated historical cost	75,080	74,604	13,996	13,996
Acquisitions	145	476	-	-
Closing accumulated historical cost	**75,225**	**75,080**	**13,996**	**13,996**
Accumulated amortization				
Opening accumulated amortization	(74,803)	(74,604)	(13,985)	(13,974)
Amortization for the year according to plan	(6)	(199)	(9)	(11)
Closing amortization	**(74,809)**	**(74,803)**	**(13,994)**	**(13,985)**
Closing residual value	**416**	**277**	**2**	**11**

The group reviews the carrying value of patents on a regular basis and recognises an impairment loss where the residual value exceeds the estimated recoverable amount.

Amortization by function is shown in note 14.

NOTE 20 – Brands

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Accumulated historical cost				
Opening accumulated historical cost	2,290	2,290	104	104
Closing accumulated historical cost	**2,290**	**2,290**	**104**	**104**
Accumulated amortization and impairment losses				
Opening accumulated amortization	(1,549)	(1,416)	(83)	(79)
Amortization for the year according to plan	(176)	(133)	(5)	(4)
Closing amortization and impairment losses	**(1,725)**	**(1,549)**	**(88)**	**(83)**
Closing residual value	**565**	**741**	**16**	**21**

Amortization by function is shown in note 14.

NOTE 21 – Other intangible assets

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Accumulated historical cost				
Opening accumulated historical cost	57,996	51,443	5,983	-
Acquisition of License	-	5,983	-	5,983
Translation difference	-	570	-	-
Closing accumulated historical cost	**57,996**	**57,996**	**5,983**	**5,983**
Accumulated amortization and impairment losses				
Opening accumulated amortization	(42,419)	(31,190)	-	-
Impairment losses for the year	-	-	-	-
Amortization for the year according to plan	(9,751)	(11,156)	-	-
Translation difference	244	(73)	-	-
Closing amortization and impairment losses	**(51,926)**	**(42,419)**	**-**	**-**
Closing residual value	**6,070**	**15,577**	**5,983**	**5,983**

Amortization by function is shown in note 14.

For the 2018 period the closing residual value of the other intangible assets include a perpetual and royalty-free technology license acquired in 2017 at a cost of KSEK 5,983.

NOTE 22 – Goodwill

(KSEK) 2018	Anoto AB	Anoto Ltd	XMS	Livescribe	Anoto Korea	Total
Accumulated historical cost 2018						
Opening accumulated historical cost	298,674	35,899	18,294	**97,008**	37,621	487,496
Translation differences	-	-	-	**8,706**	1,519	10,225
Closing accumulated historical cost 2018	**298,674**	**35,899**	**18,294**	**105,714**	**39,140**	**497,721**
Opening accumulated impairment losses	(298,674)	(17,322)	(18,294)	**-**	-	(334,290)
Impairment losses for the year	-	(18,577)	-	**-**	-	(18,577)
Closing accumulated impairment losses 2018	**(298,674)**	**(35,899)**	**(18,294)**	**-**	**-**	**(352,867)**
Closing net balance 2018	**-**	**-**	**-**	**105,714**	**39,140**	**144,854**

(KSEK) 2017	Anoto AB	Anoto Ltd	XMS	Livescrib e	Anoto Korea	Total
Accumulated historical cost 2017						
Opening accumulated historical cost	298,674	36,244	18,294	107,212	36,739	497,163
Translation differences	-	(345)	-	(10,203	881	(9,667)
Closing accumulated historical cost 2017	**298,674**	**35,899**	**18,294**	**97,008**	**37,621**	**487,496**
Opening accumulated impairment lossese	(298,674)	(17,491)	(18,294)	-	-	(334,459)
Translation differences	-	169	-	-	-	169
Closing accumulated impairment losses 2017	**(298,674)**	**(17,322)**	**(18,294)**	**-**	**-**	**(334,290)**
Closing net balance 2017	**-**	**18,577**	**-**	**97,008**	**37,621**	**153,206**

Impairment testing

The goodwill balance consists of goodwill of two acquisitions.

In the beginning of 2012 Anoto acquired the UK based company Ubiquitous Systems Ltd, creating an additional goodwill of 13.6 MSEK. In relation to Shanwell Holding Ltd, 18.5 MSEK was added to the total goodwill balance. During 2014 Ubiquitous Systems Ltd was transferred to Shanwell Holding Ltd which became Anoto Ltd.

During the fourth quarter of 2015 the Group acquired the US based company Livescribe, Inc., creating an additional goodwill of 102.5 MSEK.

On 31 May 2016 Anoto Group AB acquired the remaining 81% of the shares and votes in the company Anoto Korea Inc. for MSEK 38.9. Anoto Korea Inc. has been a longstanding Anoto Partner.

The two remaining cash generating units were tested for impairment and no additional need impairment was identified.

Impairment testing of goodwill is performed for each cash generating unit annually or more frequently when an indication of a decline in value occurs. The recoverable value for Group business is defined based on calculations of value in use.

When assessing the value of the cash generating units, a discount factor of 22.42% (22.42%) and a perpetual growth rate after 5 years of 2.0% (2.0%) have been used.

Five year forecasts and cash flow estimations have been prepared by management using a 10-25% growth on sales and management's estimates of sales and margins in relation to new sources of revenue that are now being developed.

Important variables

Market Growth	Group management expects long-term positive development in the markets where Anoto´s products are used. The growth forecasts are built on underlying forecasts and discussions with partners and customers together with expected long-term growth and take into account of past experience and other external sources of information.
Discount Rate	The discount rate is determined with regards to the market conditions and the required return of the Group. Considering Anoto´s current tax position where the Group companies will not pay any tax over the foreseeable future, the difference between discount rate before and after tax will be minimal.
Gross Profit	The long-term forecasted gross profit is calculated with caution. Gross margins have been reviewed for each cash generating entity based on the past performance and management's expectation for the future and take into account margin improvement initiatives that have been negotiated with customers and suppliers. Assumed values for gross margins have been updated compared to the prior year following changes and reallocations between parts of the business, changes in forecasts and changes in sales mix affecting the gross margin in the respective cash generating unit.
Cost Increase	The group believes it is reasonable to forecast using a general cost increase that is in line with inflation. A value of 2.0% has been used for this inflationary influence on costs.

Perpetual growth rate	The company believes that a reasonable perpetual growth rate would be around the average historical inflation rate. Also consideration is taken to the annual inflation rate target from the Swedish Central bank which is 2.0%.

Anoto Korea, Inc. and Livescribe, Inc. were acquired in 2016 and 2015 respectively. Management believes that the key assumptions on which recoverable amounts are based are unlikely to change in a way that causes the carrying values for the companies to exceed their respective recoverable amounts.

Goodwill in relation to Anoto Limited was written down to zero in 2018. The Group has been developing a new technology and platform, which will replace the old one that Anoto Limited owns and is supposed to end its life in 2020.

The table below sets out the variables used in the calculation of future value in use to estimate cash flow and the changed values which, when adjusted together, would result in a recoverable value equal to the carrying value.

(KSEK)	Livescribe Assumed Value	Livescribe Changed Value	Anoto Korea Assumed Value	Anoto Korea Changed Value
2018				
Perpetual growth rate	2.0%	1.5%	2.0%	1.5%
Discount rate before tax	22.42%	23.5%	22.42%	23.5%
Gross Profit	48.0%-55.3%	48.0%-50.7%	38.6%-46.5%	38.6%-41.9%
Cost increase	2.0%	2.5%	2.0%	2.5%

(KSEK)	Livescribe Assumed Value	Livescribe Changed Value	Anoto Korea Assumed Value	Anoto Korea Changed Value
2017				
Perpetual growth rate	2,0%	1.0%	2,0%	1.0%
Discount rate before tax	22.42%	17.0%	22.42%	17.0%
Gross Profit	41.0%- 50.0%	34.0%	26.0%~33.0%	17.5%
Cost increase	2.0%	3.0%	2.0%	3.0%

NOTE 23 – Equipment and tools

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Accumulated historical cost				
Opening accumulated historical cost	47,938	48,686	-	-
Additions for the year	1,913	-	-	-
Translation difference	-	(748)	-	-
Closing accumulated historical cost	**49,851**	**47,938**	**-**	**-**
Accumulated depreciation and impairment				
Opening accumulated depreciation	(44,534)	(40,272)	-	-
Depreciation for the year according to plan	(725)	(4,344)	-	-
Sales of Fixed Assets	(1,359)	-	-	-
Translation difference	-	82	-	-
Closing depreciation and impairment losses	**(46,618)**	**(44,534)**	**-**	**-**
Closing residual value	**3,233**	**3,404**	**-**	**-**

NOTE 24 – Participation in Group companies

(KSEK)	Parent Company 2018	Parent Company 2017
Opening balance acquisition cost	72,531	70,344
Acquisition of shares in Group companies	-	2,287
Impairment loss for the year	(25,885)	(100)
Total	**46,646**	**72,531**

Entity Name	Reg no.	Domicile	Total no. of participation	% of capital and votes	Shareholders' equity	Carrying amount
Anoto AB	556320-2646	Stockholm	5,000	100%	(5,055)	1,332
XMS Penvision AB	556708-4685	Stockholm	611,731	93.2%	648	-
Anoto Korea Inc. [1)]	129-86-60962	Seongnam	20,000,000	100%	41,643	45,314
						46,646

[1)]Ordinary shares 18,860,000 and preferred shares 1,140,000

The Anoto Group contains sub-groups consisting of the following companies

Entity name	Domicile	Country	Operational	Parent company	Equity
Anoto Inc. [1)]	San Francisco	USA	Operational	Anoto AB	100%
Anoto Portugal	Lisbon	Portugal	Operational	Anoto AB	100%
Anoto Singapore	Singapore	Singapore	Operational	Anoto AB	100%
Anoto Ltd.	Basingstoke	UK	Operational	Anoto AB	100%
C Technologies AB	Stockholm	Sweden	Operational	Anoto AB	100%
Livescribe, Inc. [1)]	San Francisco	USA	Operational	Anoto Inc	100%

[1)] During 2019, the activities of Anoto, Inc and Livescribe, Inc. will be merged into a single entity

NOTE 25 – Other long-term securities

(KSEK)	Group 2018	Group 2017	Parent 2018	Parent 2017
Opening balance	16,962	16,962	16,962	16,962
Losses at valuation to fair value of investment [1)]	(16,577)	-	(16,577)	-
Total	**385**	**16,962**	**385**	**16,962**

[1)] The long-term investment in SMark Limited has been fair valued at a quoted price in active markets.

NOTE 26 – Other long-term deposits

(KSEK)	Group 2018	Group 2017
Opening balance	1,355	1,893
Additions	542	12
Settlements	(116)	(550)
Total	**1,781**	**1,355**

NOTE 27 – Inventory

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Raw material (components)	3,839	13,921	-	-
Finished goods	20,722	37,845	-	-
Total	**24,561**	**51,766**	**-**	**-**

Expensed inventory during the year impairment with the value KSEK 23,088 to down to net realisable value inventory measured at net realisable value (and not at cost)

NOTE 28 – Accounts receivable

(KSEK)	2018 Gross	2018 Net	2017 Gross	2017 Net
Not due	25,833	25,833	5,858	5,858
Due 1 - 30 days	3,064	3,064	4,299	4,299
Due 31 - 60 days	1,814	1,814	3,733	3,733
Due 61 - 90 days	973	973	2,588	2,588
Due more than 90 days	7,320	7,320	11,270	11,270
Total	39,004	39,004	**27,747**	27,747

The possibility that the Group’s customers will not fulfil their payment obligations is a credit risk. The Group´s customers undergo credit checks and information about their financial positions are obtained from various credit reporting agencies. The Group has a policy that guides the extension of credit to customers.

The provision for doubtful receivables amounts to KSEK 10,319 (11,497).

Changes in the allowance for doubtful accounts during the fiscal years ended December 31, 2018 and 2017 were as follows:

(KSEK)	2018	2017
Loss allowance as at 1 January calculated under IAS 39	11,497	5,516
Amounts restated trough opening retained earnings	-	4,108
Opening loss allowance as at January 2018	11,497	9,624
Loss Allowance recognised during the year	234	1,873
Receivables written off during the year	(1,412	-
Loss allowance as at 31 December	10,319	11,497

Apart from the reserve for bad debts the company believes that the credit worthiness of its customers is satisfactory. Assessment of the need for provisions against accounts receivable due more than 90 days are made on an individual basis.

No security related to accounts receivable are held by Anoto.

No individual receivable exceeds 10% of total accounts receivable.

The gross amount in the table above represent the maximum credit exposure.

	2018			2017		
Concentration of credit risk	**Number of customers**	**% Total number of customers**	**% Share of value**	**Number of customers**	**% Total number of customers**	**% Share of value**
Exposure < 1 MSEK	154	94%	12%	159	95%	33%
Exposure 1-10 MSEK	10	6%	88%	8	5%	67%
Exposure > 10 MSEK	0	0%	0%	0	0%	0%
Total	**164**	**100%**	**100%**	**167**	**100%**	**100%**

NOTE 29 – Prepaid expenses and accrued income

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Prepaid rent	251	853	-	-
Prepaid insurance	404	201	239	169
Prepaid software licenses	83	478	-	2
Prepaid legal fees	76	53	30	40
Prepaid contractor fee	2,276	454	2,251	-
Other	1,765	560	701	1
Total	**4,854**	**2,599**	**3,221**	**213**

NOTE 30 – Provisions for product warranty commitments

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Opening balance	242	1,312	-	-
Unrecognized amount	-	-	-	-
New provisions	-	73	-	-
Unutilized amount returned	-	(1,143)	-	-
Total	**242**	**242**	**-**	**-**

Provisions for product warranty commitments relate essentially to the sale of pens during 2018 and 2017. The provisions are based on calculations made on historical data for warranties related to the sale of pens. The whole amount is expected to be paid within 12 months.

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Opening balance	2,901	4,531	-	-
Unrecognized amount	-	-	-	-
New provisions	4,150	2,729	-	-
Unutilized amount returned	(3,465)	(4,359)	-	-
Total	**3,586**	**2,901**	**-**	**-**

NOTE 31 – Accrued expenses and deferred income

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Accrued employee benefit expenses	3,718	4,410	83	963
Deferred income	10,372	2,536	-	-
Legal fees	114	432	114	432
Other services and goods	7,296	2,015	-	-
Other	3,159	5,975	328	287
Total	**24,659**	**15,368**	**526**	**1,682**

NOTE 32 – Share-based payments to employees

Option Program

As at December 31, 2018, Anoto Group has the following valid option programs that will be settled in shares:

The Company's Board of Directors authorized the issuance of a 100 thousand stock options grant to a Board member, Henric Ankarcrona, at a subscription price of SEK 7.8. The stock options will mature during 2019.

In Q4, 2016, an incentive scheme for senior executives was issued that comprises a maximum of 1.7 million stock options at a subscription price of SEK 7.8. The maximum number of stock options to be allocated to each senior executive shall be 500 thousand. The share options will mature during 2019. At December 31, 2017, 106,667 options are outstanding.

In 2Q, 2017, an incentive scheme for senior executives was issued that comprises a maximum of 3.5 million stock options at a subscription price of SEK 8.7. The maximum number of stock options to be allocated to the CEO shall be 2.0 million and to each of the other senior executive shall be 666,667. The share options will mature during 2021. In addition, an incentive scheme for the Board of Directors was issued that comprises a maximum of 600,000 stock options at a subscription price of SEK 8.7. The maximum number of stock options to be allocated to the Chairman of the Board of Directors shall be 333,333 and to each of the other board members shall be 66,667 thousand. The share options will mature during 2020. At December 31, 2018, 3,333,333 options are outstanding.

In 2Q, 2018, an incentive scheme for senior executives was issued that comprises a maximum of 3.5 million stock options at a subscription price of SEK 4.08. The maximum number of stock options to be allocated to the CEO shall be 2.0 million and to each of the other senior executive shall be 21,458,085. In addition, an incentive scheme for the Board of Directors was issued that comprises a maximum of 2,299,080 stock options at a subscription price of SEK 4.08. The maximum number of stock options to be allocated to the Chairman of the Board of Directors shall be 1,149,540 and to each of the other board members shall be 574,770. The share options will mature during 2022. At December 31, 2018, 19,215,862 options are outstanding.

No payments are due or have been paid on the grant of options.

The value of outstanding options, calculated using the Black & Scholes valuation model, as per 31st of December 2018 amounts to KSEK 2,582. A total of KSEK 1,937 has been charged as personnel costs in the income statement. This amount does not include social security cost.

NOTE 33 – Interest bearing liabilities

(KSEK)	Nominal interest	Maturity	2018 Nom. Value	2018 Book value	2017 Nom. Value	2017 Book value
Bank loans	6.9-10.0%	**2018**	5,685	5,685	11,309	11,309
Total interest bearing liabilities			**5,685**	**5,685**	**11,309**	**11,309**

Bank loans
The loans are secured against current assets in the group where the lenders have priority over other creditors. The loans are repayable on demand but the bank has agreed not to require repayment of the loans in the coming twelve months unless the company has sufficient cash reserves.

NOTE 34 – Leasing

The leasing cost of assets under operating leases amounted to KSEK 7,892 (7,412), and are derived primarily from rented premises. Future payments for non-cancellable operating leasing contracts fall due as follows:

(KSEK)	Group 2018	Group 2017
Less than one year	1,444	6,910
Between one and five years	3,289	15,183
More than five years	-	-
	4,733	**22,094**

NOTE 35 – Reconciliation of liabilities arising from financing activities

The changes in the group's liabilities arising from financing activities can be classified as follows:

(KSEK)	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
2018-01-01	**44,449**	**11,309**	**-**	**55,758**
Cash flows:				
- Repayments	-	(5,624)	-	(5,624)
Non-cash			-	-
- Reclassification	(42,300)	-	-	(42,300)
2018-12-31	**2,149**	**5,685**	**-**	**7,834**

(KSEK)	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
2017-01-01	**28,000**	**29,018**	**-**	**57,018**
Cash flows:				
- Repayments	-	(8,509)	-	(8,509)
- Proceeds	74,449	-	-	74,449
Non-cash			-	-
- Acquisition	-	-	-	-
- Fair value	-	-	-	-
- Reclassification	(58,000)	(9,200)	-	(67,200)
2017-12-31	**44,449**	**11,309**	**-**	**55,758**

NOTE 36 – Financial instruments

Group 2018	Amortised Cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Accounts receivable and other short- and long-term receivables	40,784	-	-	-	40,784
Liquid assets, incl. current investment	5,458	-	-	-	5,458
Long-term investments[1)]	-	-	385	-	385
Assets	**46,242**	**-**	**385**	**-**	**46,627**
Convertible debt and short-term loans	7,834	-	-	-	7,834
Accounts payable	28,891	-	-	-	28,891
Other liabilities	11,381	-	-	-	11,381
Liabilities	**48,106**	**-**	**-**	**-**	**48,106**

Group 2017	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount	Total fair value
Long-term investments and securities	-	16,962	-	16,962	16,962
Long-term receivables	1,355	-	-	1,355	1,355
Accounts receivable	27,747	-	-	27,747	27,747
Cash	31,664	-	-	31,664	31,664
Assets	**60,767**	**16,962**	**-**	**77,729**	**77,729**
Borrowings	-	-	55,758	55,758	55,758
Accounts payable	-	-	38,857	38,857	38,857
Other liabilities	-	-	10,395	10,395	10,395
Liabilities			**105,010**	**105,010**	**105,010**

[1)] The company holds long-term assets that are fair valued. The investments refer to long-term investments in SMARK Co., Ltd for long-term partnership. The investment has been fair valued at a quoted price in active markets for identical assets within Level 1 in the fair value hierarchy. There have been no transfers between other levels within the hierarchy of financial assets measured at fair value.

NOTE 37 – Related parties

Summary of related party transactions

Parent company:

Related parties (KSEK)		Selling of goods and services	Purchasing of goods and services	Other	Receivable from related party on 31 December	Liability to related party on 31 December
Group company	**2018**	-	-	-	527,771	(6,902)
Group company	**2017**	-	-	-	480,278	(6,902)

Group: **none**

NOTE 38 – Equity

Changes in the number of shares and their par value, see below.
All shares are fully paid and entitle the holder to an equal dividend percentage.

Share issues – Number of shares	**2018**	**2017**
Registered opening balance	**102,067,130**	**2,340,832,108**
Ongoing Acqusition XMS Penvision AB, March 2017 1)		2,869,884
Conversion of debt, May 2017 2)		220,740,740
Private Placement, May 2017 3)		212,500,000
Conversion of debt, September 2017 4)		200,000,000
Balance before reverse split (1:30)		2,976,942,732
Balance after reverse split (1:30), October 2017 5)		99,231,424
Conversion of debt, October 2017 6)		2,835,707
Conversion of debt, January 2018 7)	512,820	
Conversion of debt, March 2018 8)	10,075,000	
Rights Issue, October 2018 9)	7,957,307	
Registered closing balance	**120,612,257**	**102,067,130**
Par value (SEK)	**0.60**	**0.60**

1) Ongoing acquisition of shares in XMS Penvision AB, price SEK 0.15
2) Conversion of convertible bonds. converted at SEK 0.135
3) Private Placement, price SEK 0.20
4) Conversion of convertible bonds, converted at SEK 0.13
5) Reverse split (1:30)
6) Conversion of convertible bonds, converted at SEK 3.9
7) Conversion of convertible bonds, converted at SEK 3.9
8) Conversion of convertible bonds, converted at SEK 4.0
9) Rights Issue, price SEK 3.0

Equity

(KSEK)	Group 2018	Group 2017
Translation reserve		
Accumulated exchange rate differences at beginning of the year	(1,758)	(11,074)
Gain/losses at valuation to fair value	(16,577)	
Exchange rate differences for the year	2,429	9,316
Accumulated exchange rate differences at year end	**(15,906)**	**(1,758)**

Capital management

Since its founding in 1999 Anoto Group has developed electronic pens that turn what's written on paper into digital form. Development costs have been significant and since 1999 approximately MSEK 2,409 have been invested as capital by the shareholders. The group's ambition is to achieve profitable growth and in the future be able to pay dividends on invested capital.

Anoto defines capital as equity. There is only one class of share.

Anoto Group has so far not paid any dividend and will suggest to the Annual General Meeting of 2019 that no dividend is paid out.

The group has no announced targets regarding dividends, debt/equity ratios or other capital ratios other than to strive for profitability and positive cash flow. When solid profitability has been achieved targets for dividends, debt/equity ratios etc. will be determined.

NOTE 39 – Specification to Statement of Cash Flows

(KSEK)	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Cash and bank balances	5,458	31,664	1,055	13,911
Total	5,458	**31,664**	**1,055**	**13,911**
Other Items not affecting cash flow				
Exchange gains and losses	(15,029)	18,537	-	-
Gain/losses at valuation to fair value	(16,577)	-	-	-
Other	222	91	-	-
Total	**(31,384)**	**15,265**	**-**	**-**

NOTE 40 – Events after December 31, 2018

The board of members analysed all the events occurred after the date of the Statement of Financial Position and the date there was authorized emission of the financial statements, having reached the conclusion that there were no events that require adjustments or disclosure.

NOTE 41 – Parent Company details

Anoto Group is a Swedish limited company with its registered office in Stockholm. The shares of the parent company are listed on the NASDAQ OMX Stockholm Stock exchange. The address of the head office is Flaggan 1165, SE 116 74, Stockholm. The consolidated financial statements for 2018 relate to the parent company and its subsidiaries, jointly referred to as the Group.

NOTE 42 – Convertible debt

The remainder as of the end of 2018 is from the convertible bonds issued on July 2017. Its conversion price is SEK 3.9 and the conversion period will expire on July 2019.

SIGNATURES FOR THE ANNUAL REPORT

The Annual Report and consolidated financial statements were approved by the Board on April 12, 2019. The consolidated statement of comprehensive income and the statement of financial position, as well as the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting in May 2018 for adoption.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and that they provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting standards and provides a true and fair view of the Parent Company's financial position and earnings.

The Directors' Report for the Group and Parent Company provides a true and fair overall account of the development of the Group's and Parent Company's business, financial position and earnings and describes significant risks and uncertainties facing the Parent Company and the companies within the Group.

Stockholm, April 12, 2019

Jörgen Durban
Chairman of the Board

Joonhee Won
Board member and CEO

Perry (Young Soo) Ha
Board Member

Our auditor´s report was submitted on April 12, 2019.

Grant Thornton Sweden AB

Mats Pålsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Anoto Group AB
Corporate identity number 556532-3929

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Anoto Group AB for the financial year 2018 except for the corporate governance statement on pages 62-65.

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 2018 and its financial performance 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 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the corporate governance statement on pages 62-65. 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 opinions in this review of the annual accounts and consolidated accounts is in accordance with the contents in the supplementary report that has been submitted to the Board of Directors in the parent company in accordance with the auditor's regulation (537/2014/EU) article 11.

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. This includes, based on our best knowledge and belief, that no forbidden services referred in the auditor's regulation (537/2014/EU) article 5.1 has been provided the audited entity or if applicable, the controlling entity within EU.

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

Key Audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period and includes for instance the most important assessed risks for material misstatements. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts, but we do not provide a separate opinion these matters

Assessment of the Entity's Ability to Continue as a Going Concern

As at December 31, 2018 the liquidity position of the company is such that the going concern assumption has to take into consideration future improvements in the revenues not yet confirmed requiring significant judgments and estimates by management and the Board of Directors. If the going concern basis of accounting is not appropriate this could have significant impact on the financial statements.

Management and the Board of Directors assessment of going concern and risks related to liquidity and financing risks is described in the Administration Report on pages 7-8.

Our audit procedures of the managements assumption of going concern included the following audit procedures:

• Analyzing and discussing cash flow, profit and other relevant assumptions included in the forecasts with management,

• Based on the cash flow forecast prepared by the entity, evaluating the reliability of the underlying data generated to prepare the forecast; and determining whether there is adequate support for the assumptions underlying the forecast,

• Inquiry of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern,

• Evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible considering these circumstances and

• Determining whether the financial statements adequately disclose the principal events or conditions relevant for assessing the entity's ability to continue as a going concern and management's plans to deal with these events or conditions.

Recognition of revenue

The group generates revenues from mainly product sales but also from licenses and royalties in multiple geographies. Revenue from the sale of goods, license sales and royalties are recognized when an agreement with the customer is in place, the delivery has occurred and all key risks and benefits have been transferred to the customer. Revenue comprises the fair value of the consideration received or receivable for the sale, net of discounts and anticipated returns at the time of sale.

Although there are similarities between the different sales terms (including transfer of risk) for the various sales channels of the company, each contract is unique.

We focused on this area due to the inherent complexity and the significant judgement sometimes involved in estimating when the risks have been transferred to customer for the various contracts.

In note 2 the group's revenue recognitions policy is described and note 5 provides disclosures of revenues separated on different product and geographies.

Our audit procedures included the following audit procedures:

• Evaluating the revenue recognition principles and the adaption thereof for the various revenue flows including compliance with IFRS,

• Analytical review of revenues disaggregated on different product and geographies,

• On a sample basis testing of sales transactions for revenue recognition in the appropriate period.

Valuation of intangible assets

The company has significant investments in tangible assets, MSEK 201 as of 31 December 2018, primarily related to capitalized development expenditures, goodwill and customer relationships. The company has prepared an impairment assessment that is based on a value in use calculation where each acquired entity constitute a separate cash generating unit for investments in goodwill and customer relationships and for investments related to the development projects under which the company operates.

We focused on the impairment assessments above as the book value of intangible asset are material and as the assessment is sensitive to changes in assumptions (in particular the sales growth, gross profit, the discount rates and the terminal growth rate of free cash flow).

In note 3 the group's policy for impairment testing of intangible assets is described. Note 22 sets out the key assumptions used by management when preparing the annual impairment tests on goodwill and specifically explains that small changes in the key assumptions used could give rise tom an impairment of the intangible assets balances in the future.

Our audit, which has been conducted with support by an evaluation expert, included the following audit procedures:

Other information than the annual accounts and the consolidated accounts

This document also contains other information than the annual accounts and the consolidated accounts and is located on pages 60-61 and 66-72. The Board of Directors and CEO are responsible for the other information.

Our opinion concerning the annual accounts and the consolidated accounts do not comprise this information and we do not express an opinion with assurance regarding the other information.

In connection with our audit of the annual accounts and the consolidated accounts it is our responsibility to read the information identified above and consider whether the information is in all materiality incompatible with the annual accounts and the consolidated accounts. In this review we take in consideration the knowledge we obtained during the audit and evaluate whether the information contains any material misstatements.

If we, based on the review that has been performed regarding this information, conclude that the other information contains a material misstatement, we are obligated to report this. We do not have anything to report in this matter.

Responsibilities of the Board of Directors

The Board of Directors 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 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 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 accounts is however not applied if the Board of Directors intents to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as whole are free from material misstatement, whether due to fraud or error, and to issue and auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but 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.

As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

• Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

From the matters communicated with the Board of Directors, we determine whose matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors of Anoto Group AB for the financial year 2018 and the proposed appropriations of the company's profit or loss.

We recommend the general meeting of shareholders that the loss to be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors 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 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

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.

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 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Grant Thornton Sweden AB was assigned as Anoto Group ABs auditor by the general meetings of shareholders on June 30, 2017 and has been the company's auditors since that day.

Malmö April 12, 2019

Grant Thornton Sweden AB

Mats Pålsson

Authorized Public Accountant

Alternative performance measures

Anoto Group presents certain financial measures in this interim report that are not defined under IFRS. Anoto Group believes that these measures provide useful supplemental information to investors and the group´s management as they allow evaluation of the company´s performance. Because not all companies calculate these financial measures similarly, these are not always comparable to measures used by other companies.

These financial measures should not be considered a substitute for measures defined under IFRS.
Definitions of alternative measures used by Anoto Group that are not defined under IFRS are presented below.

Operating profit/loss

The operating result of the business. Gross profit less costs for sales, administrative, R&D and other operating income/costs.

(KSEK)	Group 2018	Group 2017
Gross profit	**37,459**	**70,922**
Selling expenses	(25,159)	(23,959)
Administrative expenses	(108,917)	(55,073)
Research & development expenses	(36,149)	(28,280)
Other operating income	14,334	7,294
Other operating cost	(13,728)	(7,482)
Operating profit/loss	**(132,160)**	**(36,578)**

Operating margin

Operating margin: Shows the business's operating result in relation to sales. Operating profit/loss as a percentage of net sales.

(KSEK)	Group 2018	Group 2017
Operating profit/loss	(132,160)	(36,578)
Operating margin	**-114.4%**	**-21.1%**

Cash flow per share for the year

An indication of cash generated per share can be used to assist in determining any distribution policy. Cash flow for the year divided by the weighted average number of shares during the year.

(KSEK)	Group 2018	Group 2017
Cash flow	-26,206	26,111
Weighted average number of ordinary shares	112,429,281	89,117,341
SEK	**-0.23**	**0.29**

Equity/Asset ratio

A measure of how assets are financed. Equity attributable to shareholders of Anoto Group AB (including non-controlling interest) as a percentage of total assets.

(KSEK)	Group 2018	Group 2017
Total assets	284,343	399,609
Equity attributable to the shareholders of Anoto Group AB	212,128	276,284
	74.6%	**69.1%**

EBITDA

Operating profit/loss before depreciation, amortisation and impairment.

EBITDA: Shows the business's underlying performance, adjusted for the effect of depreciation and amortization, in relation to sales. Valuable to indicate the business's underlying cash generating ability. A reconciliation from group operating profit/loss is set out below.

(KSEK)	Group 2018	Group 2017
Operating profit/loss	(132,160)	(36,578)
Depreciation and amortisation	84,943	15,835
EBITDA	**(47,217)**	**(189,617)**

Shareholders' equity per share

Gives a shareholder the possibility to compare book value with market value. Shareholders' equity divided by the number of shares at the year end.

(KSEK)	2018	2017
Equity attributable to the shareholders of Anoto Group AB	212,128	276,284
Number of ordinary shares	120,612,257	102,067,130
SEK	**1.76**	**2.71**

Net debt

An indication of the level of borrowings. Interest-bearing liabilities less liquid assets and current investments.

(KSEK)	Group 2018	Group 2017
Interest-bearing liabilities	5,685	11,309
Liquid assets	(5,458)	(31,664)
Net debt	**227**	**(20,355)**

Capital employed

Shows how much of the total capital is tied to operations. Total assets less non-interest bearing provisions and liabilities (including deferred tax liabilities), less short term interest bearing liabilities.

(KSEK)	Group 2018	Group 2017
Total assets	284,343	399,609
Non-interest bearing provisions	(242)	(3,531)
Non-interest bearing liabilities	(60,615)	(64,620)
Short term interest bearing liabilities	(5,685)	(11,309)
Capital employed	**217,801**	**320,149**

CORPORATE GOVERNANCE REPORT

Anoto Group AB (publ.) is governed by its Articles of Association and the Swedish Companies Act. Since Anoto is listed on Nasdaq Stockholm, Anoto also applies Nasdaq Stockholm's Rule Book for Issuers. Since July 1, 2008, Anoto has applied the Swedish Code of Corporate Governance (see www.bolagsstyrning.se). Anoto is, in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, required to present a Corporate Governance Report.

Corporate Governance Structure

Anoto is governed by several bodies.

The shareholders exercise their voting rights at General Meetings of the Shareholders by electing the Board of Directors and external auditors and make decisions on other issues like the adoption of the annual report and stipulating how to appoint the Nomination Committee.

The Nomination Committee nominates candidates to the Board of Directors, Chairman of the Board and external auditors. A Nomination Committee is required by the Code, but not by the Companies Act. The Board is responsible for the appointment of the CEO, the development of long-term strategy, and controlling and evaluating Anoto's day-to-day operations.

The CEO is in charge of and responsible for daily operations and the management of Anoto in accordance with the Swedish Companies Act, and in accordance with instructions and guidelines from the Board of Directors.

External auditors appointed by the shareholders at the Annual General Meeting examine the Company's annual report and accounts as well as the management by the Board of Directors and the CEO.

Annual General Meeting

The Annual General Meeting is the corporate body where the shareholders in Anoto can exercise their rights by electing the Board of Directors and deciding on all other issues voted on at Annual General Meetings in accordance with the Companies Act and the Articles of Association.

The Annual General Meeting is normally held in May or June. The notice of the Annual General Meeting, together with the agenda, is published on Anoto's website and in the Swedish Newspaper Post och Inrikes Tidningar (the Swedish Official Gazette). As a courtesy, the date and place for the Annual General Meeting together with information on how to obtain the agenda is published in the Swedish newspaper Dagens Nyheter.

All information material to the Annual General Meeting is available in both Swedish and English. The Annual General Meeting is held in Swedish.

Annual General Meeting 2018

The Annual General Meeting (AGM) in 2018 took place in Stockholm on May 15. Jörgen Durban and Joonhee Won was present from the Board of Directors. Present also were also Anoto's external auditors.

The Annual General Meeting made the following decisions:

- The annual report was presented, and the consolidated income statements and balance sheets were adopted. The board members and CEO were discharged from liability. It was resolved that no dividends were to be paid to the shareholders.
- Board Members Jörgen Durban and Young Soo Ha were re-elected as Board Members until the end of the next Annual General Meeting, Will Reeb were elected as Board Member until the end of the next Annual General Meeting.
- Jörgen Durban was re-elected Chairman of the Board.

Anoto's Annual General Meeting 2019

Anoto's Annual General Meeting 2019 will take place on May 15 in Stockholm.

Extraordinary General Meetings

An Extraordinary General Meeting was held on one occasion during 2018.

On November 1, 2018, an Extraordinary General Meeting was held, at which resolutions to elect Joonhee Won as board member until the end of the next Annual General Meeting was resolved.

The Board of Directors

The Board of Directors, which also appoints the CEO, is ultimately responsible for the organization of Anoto and the management of its operations. According to Anoto's Articles of Association, the Board shall consist of not less than three and not more than eight directors with not more than five deputies.

At the Annual General Meeting, Jörgen Durban, who is the Chairman of the Board, Joonhee Won, Young Soo Ha and Will Reeb were elected as members of the Board of Directors until the next Annual General Meeting.

Dongyi Lee resigned from the Board of Directors on March 27, 2018.

For information about the Board Members and their remuneration, please refer to Note 9. The members of the Board, save for Joonhee Won, are independent of the management of the company.

The Board members are independent in relation to Anoto and its largest owners. The company does therefore comply with the conditions of the Swedish Code of Corporate Governance requiring that a majority of the members elected by the Annual General Meetings are to be independent from the company and its management, and that no less than two of the Board members are independent from the largest shareholders.

Rules of Procedure
The Board of Directors has adopted Rules of Procedures that outlines the work procedures and tasks for the Board, the Audit Committee and the Compensation Committee. The Rules of Procedures are reviewed and adopted at least once a year.

Work of the Board of Directors 2018
When appropriate, employees of the company participate in reporting capacities concerning their particular areas of expertise.

The Board continuously evaluated the performance of Anoto, the CEO and Anoto's management team. The Board held 9 recorded meetings during 2018.

The Board Members attendance at Board Meetings and Committee Meetings is set forth below:

Board Member:	**Number of board meetings:**
Jörgen Durban	9 / 9
Young Soo Ha	9 / 9
Joonhee Won*	3 / 9
Will Reeb**	4 / 9
Dongyi Lee***	1 / 9
Mariel Clemensen****	3 / 9
Jeffrey Weedman*****	3 / 9

*	Board member until May 15, 2018
**	Board member until October 24, 2018
***	Board member until March 27, 2018
****	Board member until May 15, 2018
*****	Board member until May 15, 2018

The board has not decided to delegate any responsibilities to any sub-committees such as Audit committee and Compensation committee. Hence the board in its entirety has the full responsibility for such matters.

The 2018 Annual General Meeting adopted guidelines for compensation to senior executives, which can be found in Note 9.

CEO and Management

The Management Team consists of 3 persons, with the CEO in charge. The CEO and Management Team manage and control Anoto's daily operations.

Shareholders Controlling More than One Tenth of the Shares in the Company

None of the shareholders had, on the 31st of December 2018, a direct or indirect ownership of more than one tenth of the votes for all shares.

Anoto's Articles of Association

The company´s Articles of Association do not comprise limitations concerning the number of votes each shareholder can represent in the Annual General Meeting, or specific conditions related to appointment or dismissal of Board members or introduction of amendments to the Articles of Association.

Internal Control

The Board of Directors is responsible for the internal control under the Swedish Companies Act and the Swedish Code of Corporate Governance. This section on internal control is focused on the internal control of the financial reporting. Given the size of Anoto, the Board has determined that there is no need for an internal audit department or function, and that Anoto's finance department sufficiently can carry out the internal control in cooperation with the external auditors.

Control environment
The corporate culture of Anoto encourages initiatives while assuming responsibility for meeting the defined strategic objectives of Anoto. Each employee at Anoto has a job description setting out tasks, responsibilities and authorizations.

The CEO has adopted guidelines and policies for specific areas that the employees are required to follow. Anoto has implemented a Code of Conduct that is applicable to Anoto and its suppliers. The Code of Conduct describes Anoto's requirements with respect to ethical behavior, child labor and the environment.

A detailed delegation plan has been drawn up with well- defined levels of attestation and decision levels. This is applied throughout Anoto.

Risk assessment
Risk assessments are performed in order to identify and map risks. The most important risks for the internal control of the financial reporting are identified at Group and Company level, as well as at a regional level. The outcomes of the risk assessments result in actions and tasks that support the internal control of the financial reporting.

Control measures
The Board has implemented a system for control and risk management based on the Board's Rules of Procedure - also including instructions for the CEO and reports that are to be made to the Board and the Finance Policy. These rules constitute the framework for the internal control.

Anoto's processes and systems for ensuring effective internal controls are designed with the intention of managing and limiting the risks of material errors in the reporting of financial data, thus ensuring that both strategic and operational decisions are based on accurate financial information.

The operational work of controlling the day-to-day activities is carried out by the CEO and the Management Team. Specific guidelines govern the capacity for decision making on different issues. In addition, there are several operational meeting forums like management meetings and steering committees that address specific control issues in the operational activities. These forums effectively steer Anoto towards the defined strategic objectives.

Monitoring

There are general as well as detailed control measures aimed at preventing, discovering and correcting faults and deviations. The control organization is evaluated by the CEO on an ongoing basis with the aim of ensuring quality and efficiency.

The CEO continually keeps the Board informed of the Group's financial position, performance and any areas of risk. Anoto's external auditors attend at least two Board meetings per year, at which the auditors provide their assessment and observations on the business processes, accounts and reports. The Chairman of the Board is also in regular contact with the auditors of the Group.

The Board continually monitors Anoto's financial performance by reports, as well as information from the CFO at Board Meetings. Regular follow-up ensures compliance with the Company's Finance Policy, thus identifying any deficiencies in the internal control system.

The internal control also includes detailed annual budgets split on application areas, geographic areas and cost centers. Forecasts are delivered three times a year; in May, August and November. The forecasting follows the same organizational set- up as the annual budget. In December, the Board adopts the budget for the following year. In addition to the budgeting and forecasting, Anoto's Management Team continually works with overall three-year strategic scenarios.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Anoto Group AB (publ) corporate identity number 556532-3929

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2018 on pages 62-65 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 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.

Opinions

A corporate governance report 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.

Malmö – April 12, 2019

Grant Thornton Sweden AB

Mats Pålsson

Authorized Public Accountant

GROUP INFORMATION

Board of Directors

Jörgen Durban
Chairman of the Board, Independent
Born 1956
Board member since 2010
Shareholding: 190,855 shares and 1.4 million share options in Anoto Group AB
Education: LL.M, Stockholm University, Sweden

Joonhee Won
Chief Executive Officer
Born in 1965
Board member since 2014
Other positions: CEO of TStone Corporation
Shareholding: 2.7 million share options in Anoto Group AB
Education: MBA, Harvard Graduate School, USA

Perry (Young Soo) Ha
Independent Board Member
Born in 1962
Board member since 2017
Other positions: Founder and Managing Director of Draper Athena
Shareholding: 66.7 thousand share options in Anoto Group AB
Education: MBA, Harvard Business School, USA

Senior Management

Joonhee Won
CEO
Born in 1965
Employed since 2016
Shareholding: 2.7 million share options in Anoto Group AB
Education: BA Political Science, Economics, MBA, Harvard Graduate School, USA

Rui Sousa
CFO
Born in 1973
Employed since 2018
Education: Management Degree from Lisbon University, Portugal

Steve Kim
CTO
Born in 1968
Employed since 2018
Shareholding: 1.3 million share options in Anoto Group AB
Education: BA Control and Instrument Engineering, Seoul National University, Korea

The Anoto Share

Anoto Group AB (publ.) has been listed on the NASDAQ OMX Stockholm Stock Exchange (ticker: ANOT) since June 16, 2000. Today the share is listed on the Small Cap list of the NASDAQ OMX Nordic Exchange Stockholm. The share was previously traded on the New Market starting on March 15, 2000. Anoto Group's share capital of SEK 72,367,354 as per Dec 31, 2017 is allocated among 120,612,257 shares. As per end of March 2018 the share capital of SEK 72,367,354 is allocated among 120,612,257 shares.

Each share entitles the holder to one vote at general meetings and all shares provide equal rights to participation in the company's assets and profits.

Share price performance

The price of the Anoto Group share decreased by 46 percent from SEK 4.33 to 2.34 during the year. During the same period, the NASDAQ OMX Stockholm PI increased by 8 percent. Anoto Group's market capitalization was MSEK 282 on December 31, 2018.

Shareholders

At the end of 2017, Anoto Group had 17,666 shareholders. Foreign shareholders controlled 24.5% and the ten largest shareholders controlled 26.7%.

Dividend policy

The company's future dividend policy will reflect its earnings, financial position and financing needs. Dividend proposals will be examined in the light of shareholder demands for a reasonable return and the company's internal financing requirements.

Option programmes

The parent company has implemented various stock option programs as set forth in Note 31.

Analysts

Anoto Group is covered by analysts at banks and securities brokers including Redeye.

Per share data 2018

Number of shares 2018-12-31	120,612,257
Number of outstanding options 2018-12-31	22,755,862
Average number of shares	112,429,281
Earnings per share (SEK)	-1.16
Fully Diluted Earnings per share (SEK)	-0.91
Cash flow per share (SEK)	-0.23
Fully Diluted Cash flow per share (SEK)	-0.18
Shareholder´s equity per share (SEK)	1.76
Shareholder´s equity per share incl. options (SEK)	1.76

Largest shareholders on December 31, 2018

1	SIX SIS AG, W8IMY	9.7%	11,670,265
2	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	6.2%	7,538,795
3	BNY MELLON SA/NV (FORMER BNY), W8IMY	2.6%	3,187,177
4	H&K FK AB EMISSONSKONTO	1.8%	2,234,615
5	NORDNET PENSIONSFÖRSÄKRING AB	1.6%	1,973,840
6	SWEDBANK FÖRSÄKRING	1.4%	1,720,776
7	NORDEA BANK ABP, NORDEA BANK AB (PUBL)	1.1%	1,338,104
8	HONGKONG & SHANGHAI BANKING CO LTD, W8IMY	0.9%	1,126,676
9	SEB Investment Management	0.9%	1,120,138
10	JPM CHASE NA	0.6%	668,881
	Total	**26.7%**	**32,579,267**

Shareholders by size on December 31, 2018

Shares held	Total number of shareholders	% total number of shareholders	Hold collectively: number of shares	% of share capital
1 – 500	9,816	55.6%	1,213,997	1.0%
501 – 1,000	1,814	10.3%	1,358,818	1.1%
1,001 – 5,000	3,425	19.4%	8,309,344	6.9%
5,001 – 10,000	995	5.6%	7,246,264	6.0%
10,001 – 15,000	436	2.5%	5,341,363	4.4%
15,001 – 20,000	261	1.5%	4,607,041	3.8%
20,001 -	919	5.2%	92,535,430	76.7%
	17,666	**100.00%**	**120,612,257**	**100.0%**

FIVE-YEAR SUMMARY

Summary of comprehensive income statements

(KSEK)	2014	2015	2016	2017	2018
Net sales	141 465	192 838	235 657	173 010	115 556
Other income	-	-	-	-	-
Gross profit	94 269	85 556	79 393	70 922	37 459
Amortisation and impairment of intangible fixed assets	-3 416	-5 412	-66 018	-11 492	-84 210
Depreciation - property, plant and equipment	-1 770	-1 909	-4 718	-4 344	-725
Operating profit/loss	-56 249	-106 249	-260 353	-36 578	-132 160
Other financial items	-7 241	-3 710	-7 317	-19 623	13 137
Profit/loss after financial items	-63 490	-109 959	-267 670	-56 201	-119 023
Tax	639	1604	4 445	3 257	3 174
Profit/loss after tax	**-62 851**	**-108 355**	**-263 225**	**-52 944**	**-115 850**

Summary of balance sheets

(KSEK)	2014.12.31	2015.12.31	2016.12.31	2017.12.31	2018.12.31
Assets					
Intangible fixed assets	78 972	263 065	236 810	255 282	200 867
Tangible fixed assets	2 046	5 944	8 414	3 404	3 233
Financial fixed assets	4 482	7 280	18 855	18 317	2 165
Total non-current assets	85 500	276 289	264 079	277 003	206 265
Inventory	20 553	44 589	49 478	51 766	24 561
Accounts receivable	36 979	65 443	34 825	27 747	39 004
Other current assets	19 916	51 378	35 356	11 429	9 055
Cash and cash equivalents	3 909	11 628	5 553	31 664	5 458
Total current assets	81 357	173 039	125 212	122 606	78 078
Total assets	**166 857**	**449 328**	**389 291**	**399 609**	**284 343**

Liabilities and shareholders’ equity					
Shareholders´ equity	78 242	277 926	213 258	276 284	212 1287
Minority interests	-16 198	-9 730	-1 689	-583	-548
Long-term liabilities					
Non-interest-bearing	2 124	25 793	7 031	3 289	4 072
Interest bearing	0	8 145	28 000	44 449	2 149
Current liabilities					
Non-interest-bearing	66 814	147 194	113 673	64 862	60 857
Interest-bearing	35 875	0	29 018	11 309	5 685
Total liabilities	104 813	181 132	142 691	123 908	72 763
Total liabilities and shareholders´ equity	**166 857**	**449 328**	**389 291**	**399 609**	**284 343**

Summary of cash flow statements

(KSEK)	2014	2015	2016	2017	2018
Profit/loss after financial items	-63 490	-109 959	-267,670	-56 201	-119 023
Items that do not affect liquidity	8 244	9 948	57,870	30 030	53 559
Change in working capital	-36 896	15 229	45 988	-19 024	22 327
Cash flow from operating activities	-92 142	-84 782	-163 812	-45 194	-43 137
Cash flow from investment activities	-5 958	-175 533	-48 459	-38 427	-5 094
Total cash flow before financing activities	-98 100	-260 315	-212 271	-83 621	-48 231
Cash flow from financing activities	95 001	268 035	206 195	109 732	22 025
Cash flow for the year	**-3 099**	**7 720**	**-6 076**	**26 111**	**-26 206**

Key ratios

	2014	2015	2016	2017	2018
Sales growth, %	-2	36	22	-27	-33
Gross margin, %	67	44	34	41	32
Capital employed (KSEK)	62 044	268 196	239 657	320 149	217 801
Equity/assets ratio, %	37	60	54	69	75
Net debt (KSEK)	-3 909	-3 484	51 465	20 365	227
Earnings per share (SEK)	-0,13	-0,13	-0,15	-0,49	-1,16
Earnings per share after dilution (SEK)	-0,13	-0,13	-0,15	-0,46	-0.91
Cash flow per share for the year (SEK)	-0,01	0,01	-0,00	0,29	-0,23
Cash flow per share after dilution (SEK)	-0,01	0,01	-0,00	0,28	-0,18
Shareholder´s equity per share (SEK)	0,11	0,26	0,09	2,71	1,76
Shareholder's equity per share after dilution (SEK)	0,11	0,26	0,09	2,71	1,76
Average no. of employees	106	117	156	61	34
Sales per employee (KSEK)	1 335	1 648	1 510	2 836	3 399
Payroll expenses incl. social security contribution (KSEK)	67 889	102 576	140 859	35 561	24 970
(of which pension premiums were)	5 333	6 006	5 617	2 184	626

Definitions

GROSS MARGIN

Gross profit as a percentage of net sales. Gross profit is defined as net sales less cost of goods sold.

SHAREHOLDERS' EQUITY PER SHARE

Shareholders' equity divided by the number of shares at the year end.

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the year.

NET DEBT

Interest-bearing liabilities less liquid assets and current investments. Interest-bearing liabilities consist of convertible debt and short term interest bearing liabilities.

SALES PER EMPLOYEE

Net sales divided by the average number of employees.

SALES GROWTH

Increase in net sales as a percentage of net sales for the previous year.

EARNINGS PER SHARE

Profit after tax divided by the weighted average number of shares during the year.

OPERATING MARGIN

Operating profit/loss as a percentage of net sales.

CAPITAL EMPLOYED

Total assets less non-interest bearing provisions and liabilities, (including deferred tax liabilities), less short term interest bearing liabilities.

EQUITY/ASSETS RATIO

Shareholders' equity including non-controlling interest as a percentage of total assets.

CASH FLOW PER SHARE FOR THE YEAR

Cash flow for the year divided by the weighted average number of shares during the year.

EBITDA

Operating profit before depreciation and amortisation

OPERATING PROFIT/LOSS

Gross profit less costs for sales, administration, R&D and other operating income/costs.

Anoto

Annual General Meeting

Anoto's Annual General Meeting will be held on May 15, 2019 at 10.00 am. at the premises of Setterwalls Advokatbyrå, Sturegatan 10, 114 36 Stockholm, Sweden.

Any shareholder wishing to participate in the meeting must notify the company in one of the following ways:

- E-mail to AGM@anoto.com
- In writing to Anoto Group AB, Flaggan 1165, 116 74 Stockholm, Sweden

The notification must reach the company by 12:00 noon on Tuesday, May 8, 2019. To be entitled to participate, the shareholder must also be entered in the Euroclear Sweden AB share register by May 8, 2019. Any shareholder who has registered his or her shares under a trustee must temporarily register them in his or her own name with Euroclear Sweden AB by Tuesday, May 8, 2019. When submitting the notification, shareholders are requested to provide name, identity number, address, phone number, and number of registered shares. Shareholders participating by proxy must submit the authorisation to the company prior to the meeting.

Financial reporting

Anoto Group's financial reports are released in Swedish and English. The easiest way to obtain the reports is by downloading them from www.anoto.com.

Following is the schedule of Anoto Group's financial reports for its 2019 financial year.

Q1 report, May 8, 2019

Dates of the other interim reports are not yet determined but http://www.anoto.com/investors/investors-calendar/ will be updated as soon as this information is available.