Anoto

Digital Time Data Solutions

2020 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, 2020 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, XMS Penvision AB, Knowledge AI Inc, Knowledge AI Ltd, and Knowledge AI Pte Ltd. Hereafter the entire business group is referred to as “Anoto”, unless the context indicates otherwise.

OPERATION OF THE GROUP

Anoto is a global leader in digital writing and drawing solutions. Anoto develops smartpens and related software using its proprietary technology and uses its solution, microdot pattern, optics and image-processing expertise to bridge between the analogue and digital domains through an initiative known as Livescribe+ app, Enterprise Solutions business (B2B), KAIT (B2B and B2B2C).

Anoto’s AI-based education software company, Knowledge AI Inc. continues additional development of an education solution called KAIT. During 2020, taking advantage of the downtime caused by the school closures due to the COVID-19 pandemic, KAIT developed KAIT@HOME which enables pen data sharing during a remote learning session. KAIT@HOME replaces the need for a Zoom or MS Teams platform and has all-inclusive video, audio, interactive board and pen sharing ability to improve the quality of remote learning education.

During 2020, Knowledge AI expanded to build a substantial operation in the Middle East as we built more than 30 member team in terms of software development, customer support and dedicated Middle East sales team. Knowledge AI Asia has sales operations in Singapore and Korea.

Anoto is largely divided into two main business lines: Software as a Service (SaaS) and Pen manufacturing and distribution. Within SaaS, we have KAIT and Anoto Cloud for Enterprises, and within the pen manufacturing and distribution business, we have retail notetaking (Livescribe) and OEM.

Needless to say, FY2020 was a difficult year as COVID environment not only depressed the demand for our products, delays in logistics (longer delays in Ocean Freight and not able to clear customs in time) compounded the difficulties in the retail and enterprise businesses. School closures also slowed sales growth within KAIT Solutions.

As a result, we made a conscious decision to delay the launch of two new pens: Echo II, replacing the perennial bestselling Echo audio pen and the low-cost Genie pen to 2021.

During 2020, Anoto carried out two directed rights issue in a total of 27,022,560 ordinary shares, amounting to MSEK 30.3 - approximately USD 3.7 million. These funds were used to move our production line to a manufacturing facility to Mexico, in anticipation of greater demand for pens in 2021 and beyond. In Mexico, we built a monthly production capacity of 100,000 pens. Also, in case we have a greater demand, we can expand another line with one month notice.

After impairment testing, a write-down of historical goodwill by MSEK 21 was done during the year. At the end of 2020, we started balance sheet clean up and rationalization of non-operating subsidiaries. Anoto KK, C Technologies AB, and Ubiquitous Systems Ltd were closed at the end of 2020.

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

Anoto Business Units

Enterprise Solutions and Licensing

This Business to Business Segment provides digitalization of business forms and automation of routines. The product offering contains both hardware and software which enables the customer to fill in, for example, a paper form with an Anoto pen and convert the analogue text or information directly into digital form. The customers are spread out through different industries such as healthcare, retail & logistics, financial services, and public sector. Anoto uses both direct and indirect business models for this segment 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.

The transition to a software business model by the introduction of a license fee based on dot pattern page usage is now fully implemented throughout our existing customer base. Within the Enterprise division, software revenue comprise 80% resulting in a very high gross margin. Such transition to software and license revenue based business which started in 2018, fundamentally changed our Enterprise Forms business to a very profitable, albeit smaller customer base.

In 2020, COVID negatively affected enterprise forms business and decreased overall revenue by 40%. We used the downtime to finish a cloud-based platform called the Anoto Cloud for Enterprises (ACE) and declared EOL (End of Life) for old enterprise solution from XMS called Anoto Live Forms.

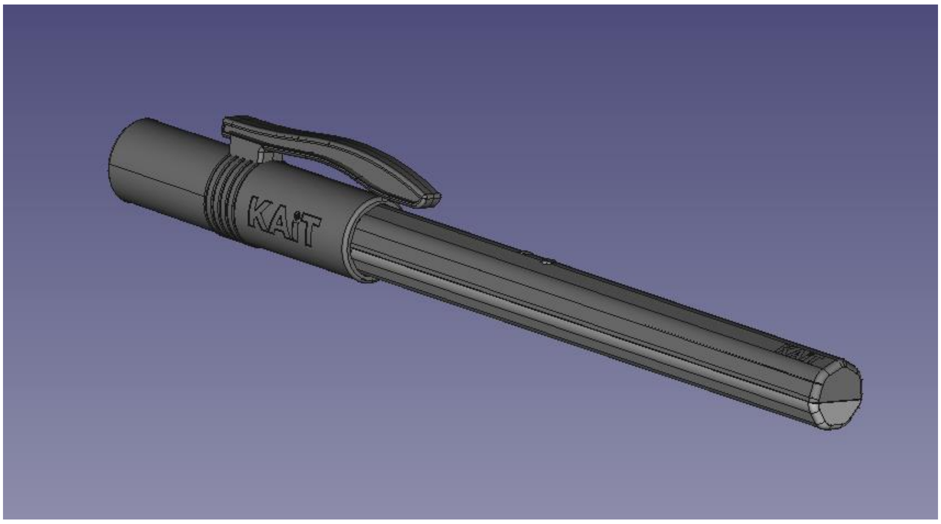
The focus of Enterprise Form in 2021 is to proactively secure large customers, especially in the US, to expand geographically and diversify revenue sources.

Livescribe

This segment provides consumer products for digital note taking, i.e. handwritten/analogue notes and documents that are converted into digital notes, which are subsequently stored and shared via cloud services. Livescribe+ software, for both mobiles and desktops is also available to customers. During 2020, we finished the development of two new pens.

Echo II: Audio and voice recording enabled, with the state of the art noise reduction for crisp recorded audio and playback capability.

In addition, we developed the next generation low-cost pen. We decreased the manufacturing price by improving manufacturing process with DFM without sacrificing any of the quality. The Genie pen will be the lowest priced smart pen ever marketed in the world. In addition, Genie pen will become the main pen for the KAIT education solution.



Because of unfavourable business environment caused by the pandemic, we made a decision to postpone the launch to the second quarter of 2021. During the first quarter of 2021, we moved our production facility to Mexico to enable scale production. We are setting up manufacturing lines that can produce more than 100,000 pens per month. Our new Mexican contract manufacturer is a Japanese owned factory in Mexico which used to produce Sony Playstations for the North American market. The production move also has additional benefits in terms of delivery timing and the cost of logistics. In 2020, shipping was extremely difficult as there were significant delays and we had to resort to air shipping in lieu of Ocean freights. In Mexico, shipping can be done by land transportation (trucks) to our warehouse in California and the timing will be reduced to two days instead of 8 weeks.

Livescribe also completed significant software updates to improve the utility of digital note taking pens in 2020. The new Echo II will now have cross platform solutions in mobile as well as desktop solutions. With the launch of new pens and the new software, we will increase our distribution capability and geographic expansion in 2021.

OEM Business

OEM business was the most stable of the business divisions of Anoto, revenue remained unchanged at MSEK 24. Our OEM demand remained stable, even improving somewhat during the pandemic environment. We expect similar trend or slight improvement in FY2021.

Knowledge AI

COVID-19 slowed down our growth but at the same time gave us an opportunity to further develop our product. Before we had only one platform for offline education. It was a comprehensive diagnostics program for teachers and individualized learning platform for students called KAIT@SCHOOL. We pivoted to build a separate product called KAIT@HOME which allows teachers to use KAIT software while allowing students to engage interactively while doing remote learning. We have also built it into a cross platform covering web and mobile. KAIT@HOME can now be used with smart phones and tablets.

In terms of marketing, we secured a deal with the Ministry of Education of Singapore, one of the most sophisticated countries in terms of education. We expanded into the Middle East, building a software development team in Jordan, customer success team covering the entire Middle East and also a sales team for the Middle East region.

We are resuming sales efforts as schools around the world are beginning to reopen in Q1/Q2 2021. In 2021, KAIT is expected to enhance our sales network in Europe and further expand our sales capabilities in the US.

Shares and Shareholders

At the end of 2020, there were 185,658,150 issued ordinary shares in Anoto. According to Euroclear Sweden AB’s statistics, there were 14,870 shareholders on December 31, 2020, representing a decrease of 11.5 percent over the past 12 months.

The largest shareholder as at December 31, 2020 was Soltworks Co. Ltd., owning 19 per cent of the votes and capital. There is only one class of shares (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 46 in 2019 to 38 in 2020. The Group had 29 employees (49) at the year-end.

COMMENTS ON THE STATEMENT OF COMPREHENSIVE INCOME

Net sales in 2020 amounted to MSEK 71 (112) and operating loss in the period was MSEK 103 (51).

The decrease in net sales is mainly due to the depressed demand from the COVID pandemic and subsequent delays in logistics. Other than OEM, Enterprise division and Retail Division’s revenues declined by 40% and 51% respectively.

Gross margin in the period remained stable at 54% (54%) despite decline in revenue from more profitable Enterprise and Retail divisions.

In 2020, the group recognized a goodwill impairment loss of MSEK 21 (7).

Overhead costs in the period were MSEK 92 (95), excluding impairment loss of MSEK 21 (7). Cost saving efforts were exercised across all operations; the overhead increase is fully attributable to the group’s investment in KAIT.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in the period amounted to MSEK -68 (-35).

The net loss after tax for the year was MSEK 128 (33).

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

The total assets decreased by MSEK 81 to MSEK 225. Liabilities have increased by MSEK 1 to MSEK 69.

Group Equity at the end of the year amounted to MSEK 156, compared to MSEK 238 in the previous year. The cash flow from operating activities was MSEK -62 (-11). Cash flow from investment activities during the year was MSEK -7 (-30). The cash flow from financing activities was 51 (56), including net proceeds from share issues of MSEK 38 (58). The cash flow for the year was MSEK -18 (15). Closing cash at end of year was MSEK 2 (20).

RESEARCH AND DEVELOPMENT

Anoto Group R&D expenditure peaked in 2020 as we have completed the development of two new pens and four software platforms for Livescribe in 2020. In 2021, Anoto's R&D efforts will be focused on KAIT software offerings and deepening and broadening Anoto Group's fundamental technologies such as the next generation Dotpos image sensor.

In 2020, Anoto's R&D efforts during the year were MSEK 49 (34), equivalent to 35 percent (20) of the total operating expenses. Pursuant to its compliance with IAS 38, the Group capitalized MSEK 8 (25) during 2020. Including capitalization, the Group´s R&D expenses totalled MSEK 57 (45) for the year.

Anoto has an extensive patent portfolio. At the end of 2020, the Group had 6 active patent applications and owned 181 registered patents.

DISPUTES

Anoto has an ongoing dispute with Green Mango Corp. relating to non-payment of delivered services for building of a software solution with an objection to breach of contract due to faulty services. The case is currently at Suwon District Court in South Korea. The outcome of the case will affect Anoto's obligation to pay for services delivered by Green Mango Corp. However, Anoto assesses the risk it will lose the case in its entirety as low.

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 our employees' competencies 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 competencies are our most important assets. Without constantly adding knowledge to the workforce and allowing the transfer of knowledge between colleagues, the group 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 risk, financing risk and continued operations

The financial year 2020 was an extraordinary year due to the spread of the coronavirus. Classified as a pandemic by The World Health Organization on March 11, 2020, the coronavirus has impacted all aspects of our lives. Schools were shut down, companies enacted work-at-home policies, and most non-essential businesses either scaled down their operations or shut down. It is not an overstatement to say that people's lives were turned up-side-down. With the availability of vaccines in the fourth quarter of 2020, however, businesses began to open up in the first quarter of 2021. We are still a long way from normalcy; yet, we see a light at the end of the tunnel.

In 2020, our revenue was negatively impacted due to coronavirus as orders slowed and supply chain constrained. However, the company effectively managed itself by executing effectively on three fronts: Expense Control, New Product Development, and Financing. One, expenses were controlled by reducing headcount, relocating pen manufacturing from Korea to Mexico, and replacing high-cost U.S. software developers with those in Jordan. Two, a new product addressing the remote education needs, was developed by KAIT subsidiary. Since the school shutdown in March 2020, KAIT could not deploy its In-Class-Solution. So, KAIT pivoted quickly to develop a KAIT@Home, a remote learning software, which was developed in a record time and released in the first quarter of 2021. And finally, additional financing was successfully completed. SEK 15.7 million was raised in December, and an agreement was reached with an investor to raise additional SEK 18.9 million in early

2021. The year-end cash and bank balances were SEK 2 million providing sufficient liquidity. The issue proceeds flowed in during the first quarter of 2021 (totalling approximately MSEK 27). Against this background, the group management communicated to the market that the liquidity situation had been handled adequately.

Two main risks still exist for 2021. One is the effect due to a protracted economic recovery because of the emergence of coronavirus variants, and two, the global shortage of semiconductors which may delay our pen production. However, these concerns are offset by the robust reception of KAIT@Home solution by market. In fact, a landmark agreement was reached with a distributor in the United Arab Emirates in April 2021, and similar distribution discussions are underway in other regions. Also, a discussion for additional financing is moving favourably because of the positive reaction to KAIT@Home.

The business outlook is strong and financing for growth in KAIT is within reach. We feel the year 2021 will be a strong recovery year from the low of 2020. In summary, the management and the board are of the opinion that the probability of the company having a liquidity shortage during the next twelve months is low. Despite this assessment, Group management is aware of the risks posed by the unpredictability of the pandemic. If the group strategies to increase sales would not be successful while Anoto, in whole or in part, fails to raise sufficient capital, or only succeed in doing so on unfavorable terms, there is a significant risk that the Group will have problems to continue its operations.

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 four 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 2020 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 2021.

OUTLOOK FOR THE FUTURE

The management believes the structural transition is now complete with Anoto. Anoto in the last four years has become a software business and substantially reduced dependency on hardware. With the addition of KAIT, we expect the software revenue will continue to grow in the foreseeable future.

Furthermore, Anoto has a low cost, efficient pen production capability. We are no longer carrying four different pen platforms which started with Hitachi's DP201, Livescribe own platform, Pengen platform and Anoto's own platform. Such different platforms required different firmware, SDK and software. The transition to one pen platform is now complete and all previous pens including Echo 1 and LS3, are now declared End of Life. Over the last three years, we developed four new pens on the new platform and one unified firmware and common software that can be extended to all software platforms.

Anoto also has developed a new proprietary cloud-based enterprise solution and will no longer be supporting different software platforms developed by external Anoto partners.

With the exception of KAIT, existing businesses of Anoto are expected to be profitable in 2021. KAIT still requires substantial investment and is expected to incur losses as continued engineering and product development is needed. Furthermore, marketing and sales expenses are closely tied to the success of the business. As a SaaS company, KAIT is expected to incur large losses in the earlier stages. In fact, the better KAIT performs and the more successful the launch, the bigger the financial losses will be in the earlier stages.

With the launch of new pens in 2021, we expect to increase sales and marketing capabilities in the Livescribe retail business. We expect revenue growth in the retail business as we are already experiencing early demand for our new Echo II pen.

The OEM and Enterprise Forms business' key focus is to diversify revenue sources. We will resume discussions with several potential customers that were interrupted by the advent of COVID in 2020.

Proposed Appropriation of Accumulated Result

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Proposed appropriation of accumulated result in the parent company (SEK):	**SEK**
Share premium reserve	715,303,637
Profit/loss brought forward	-311,436,505
Loss for the year	-233,280,780
Total	**170,586,351**

The Board of Directors propose that the reserves of SEK 170,586,351 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 2020	Group 2019
Net sales	5	70,552	111,967
Cost of goods and services sold	11	-32,397	-51,351
Gross profit/loss		**38,155**	**60,616**
Selling expenses	8,14,31,34	-27,899	-40,663
Administrative expenses	8,9,10,14,31,34	-35,580	-27,475
Research & development costs	8,14,34	-49,477	-33,581
Other operating costs	13	-28,630	-9,552
Operating earnings	11	**-103,431**	**-50,654**
Financial income	16	0	18,952
Financial cost	16	-24,910	-870
Earnings before taxes		**-128,342**	**-32,573**
Income taxes	17	74	-34
Net earnings for the year		**-128,268**	**-32,607**
Total earnings for the year attributable to:			
Shareholders of Anoto Group AB		-121,158	-32,117
Non-controlling interest		-7,109	-490
Total profit/loss for the year		**-128,268**	**-32,607**
Other comprehensive income			
Items that may be reclassified to profit/loss for the year:			
Translation differences for the year		8,367	3,065
Gain or losses at valuation to fair value of investment		-250	273
Other comprehensive income for the year		**8,117**	**3,338**
Total comprehensive income for the year		**-120,151**	**-29,269**
Total comprehensive income for the year attributable to:			
Shareholders of Anoto Group AB		-113,043	-29,052
Non-controlling interest		-7,108	-217
Total comprehensive income for the year		**-120,151**	**-29,269**
Earnings per share (SEK)		-0.72	-0.23
Diluted earnings per share (SEK)		-0.61	-0.18
Weighted average number of ordinary shares		167,753,928	128,648,079
Diluted weighted average number of ordinary shares	38	196,236,848	161,765,769

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Note	Group 2020	Group 2019
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	18	54,613	68,508
Patents	19	2,474	2076
Goodwill	22	108,937	142,143
Brands	20	309	414
Other intangible assets	21	6,854	5,998
Total intangible fixed assets	5	**173,188**	**219,138**
Property, plant and equipment			
Equipment and tools	23	9,529	7,067
Total property, plant and equipment	5	**9,529**	**7,067**
Financial fixed assets			
Other long-term securities	25	10	260
Other long-term receivables	26	1,465	1,418
Total financial fixed assets		**1,475**	**1,678**
Total non-current assets		**184,192**	**227,883**
Current assets			
Inventories			
Finished goods and goods for sale	27	14,703	22,690
Current receivables			
Accounts receivable	28	7,146	20,989
Other receivables		11,680	7,558
Prepaid expenses and accrued income	29	5,206	6,988
Total current receivables		**24,033**	**35,535**
Cash and cash equivalents		**2,128**	**20,375**
Total current assets		**40,864**	**78,600**
TOTAL ASSETS		**225,056**	**306,483**

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(KSEK)	Note	Group 2020	Group 2019
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Share capital	38	106,370	90,157
Ongoing share issue	38	5,025	
Share premium	38	1,317,544	1,301,104
Translation reserves	38	-4,726	-12,841
Earnings brought forward		-1,265,356	-1,144,197
Equity attributable to the shareholders of Anoto Group AB		**158,858**	**234,222**
Non-controlling interest		-3,098	4,010
Total Equity		**155,760**	**238,233**
Non-current liabilities			
Other non-current liabilities	4, 34	21,670	5,856
Total non-current liabilities/provisions		**21,670**	**5,856**
Current liabilities			
Provisions for product warranties	30	1,151	3,019
Short-term interest-bearing liabilities	33	5,318	8,182
Accounts payable		28,648	37,704
Advance payments from customers		2,492	217
Other liabilities		3,086	3,816
Accrued expenses and deferred income	31	6,931	9,455
Total current liabilities		**47,626**	**62,394**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**225,056**	**306,483**

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CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Note	Group 2020	Group 2019
OPERATING ACTIVITIES			
Profit after financial items		-128,268	-32,607
Items not affecting cash flow:			
Depreciation, amortization and impairment of assets	14,18-23	38,106	15,944
Translation difference		20,973	0
Other items	39	0	-15,278
Cash flow from operating activities before change in working capital		**-69,189**	**-31,940**
Cash flow from change in working capital			
Change in operating receivables		11,502	12,524
Change in inventories		7,987	1,871
Change in operating liabilities		-11,904	6,643
Total change in working capital		**7,585**	**21,038**
Cash flow from operating activities		**-61,604**	**-10,902**
Cash flow from investment activities			
Capitalized development expenditures	18	-554	-25,186
Patents	19	-645	-2,332
Other		-856	
Equipment and tools	23	-5,419	-3,317
Financial assets	26	203	487
Cash flow from net investment activities		**-7,271**	**-30,347**
Total cash flow before financing activities		**-68,875**	**-41,250**
Financing activities			
New share issue		37,678	57,863
Repaid financial liabilities		12,950	-1,696
Cash flow from financing activities		**50,628**	**56,167**
Cash flow for the year		**-18,247**	**14,917**
Cash and cash equivalents at the beginning of the year		20,375	5,458
Cash and cash equivalents at the end of the year	39	**2,128**	**20,375**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(KSEK)	Share capital	Ongoing share issue	Share premium reserve	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 2019	**72,367**	**-**	**1,267,763**	**-15,906**	**-1,112,081**	**212,143**	**-548**	**211,595**
Profit/loss for the year	-	-	-	-	-32,117	-32,117	-490	-32,607
Other comprehensive income	-	-	-	3,065	-	3,065	273	3,338
Total comprehensive income/cost for the year	**-**	**-**	**-**	**3,065**	**-32,117**	**-29,052**	**-217**	**-29,269**
New share issue	17,790	-	9,464	-	-	27,254	-	27,254
Divestment to holdings without controlling influence	-	-	23,877	-	-	23,877	4,775	28,652
Shareholders´ equity 31 December 2019	**90,157**	**-**	**1,301,104**	**-12,841**	**-1,144,198**	**234,222**	**4,010**	**238,233**
Shareholders´ equity 01 January 2020	**90,157**	**-**	**1,301,104**	**-12,841**	**-1,144,198**	**234,222**	**4,010**	**238,233**
Profit/loss for the year	-	-	-	-	-121,158	-121,158	- 7,109	-128,268
Other comprehensive income	-	-	-	8,116	-	8,116	1	8,117
Total comprehensive income/cost for the year	**-**	**-**	**-**	**8,116**	**-121,158**	**-113,043**	**-7108**	**-120,151**
New share issue	16,214	5,025	16,440	-	-	37,678	-	37,678
Shareholders´ equity 31 December 2020	**106,370**	**5,025**	**1,317,544**	**-4,725**	**-1,265,356**	**158,858**	**-3,098**	**155,760**

INCOME STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2020	Parent Company 2019
Net sales		8,749	12,325
Gross profit/loss		**8,749**	**12,325**
Administrative expenses	8,9,10,14,32,34	-8,980	-12,341
Other operating income	12	-	-
Operating profit/loss		**-231**	**-16**
Results from financial items			
Profit/loss on shares in group companies	15	-138,078	-
Interest and similar income	16	30,114	4,945
Interest and similar expenses	16	-125,086	-704
Profit/loss before taxes		**-233,281**	**4,225**
Taxes	17	-	-
Profit/loss for the year		**-233,281**	**4,225**

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BALANCE SHEET – PARENT COMPANY

(KSEK)	Note	Parent Company 2020	Parent Company 2019
ASSETS			
Non-current assets			
Intangible fixed assets			
Brands	20	4	10
Other intangible assets	21	7,172	7,511
Total intangible fixed assets		**7,176**	**7,521**
Financial fixed assets			
Other long-term receivables		87	87
Other long-term securities	25	10	260
Shares in group companies	24	8,320	46,646
Receivables - group companies		56,486	518,679
Total financial fixed assets		64,902	565,672
Total non-current assets		**72,078**	**573,194**
Current assets			
Receivables - group companies		352,998	47,131
Other receivables		506	474
Prepaid expenses and accrued income	29	2,197	2,465
Total current receivables		**355,702**	**50,069**
Cash and bank balances		**26**	**8**
Total current assets		**355,728**	**50,077**
TOTAL ASSETS		**427,807**	**623,271**

(KSEK)	Note	Parent Company 2020	Parent Company 2019
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Restricted equity			
Share capital	38	106,370	90,157
Ongoing share issue	38	5,025	-
Statutory reserve		123,031	123,031
Total restricted equity		**234,426**	**213,188**
Non restricted equity			
Share premium reserve		715,304	698,681
Earnings brought forward		-544,717	-311,437
Total non-restricted equity		**170,586**	**387,245**
Total equity		**405,012**	**600,433**
Non-current liabilities			
Other long-term to group companies		2,353	-
Other long-term liabilities		3,101	2,376
Total Non-current liabilities		5,454	2,376
Current liabilities			
Accounts payable		2,384	3,043
Liabilities to group companies		11,581	12,998
Other liabilities		2,196	2741
Accrued expenses and prepaid income	31	1,179	1,680
Total current liabilities		**17,340**	**20,462**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**427,806**	**623,271**

Anoto

CASH FLOW STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2020	Parent Company 2019
OPERATING ACTIVITIES			
Profit after financial items		-233,281	4,225
Items not affecting cash flow:			
Depreciation and amortization of assets	14, 18-23	345	178
Impairment of shares in group companies	15	244,428	-
Other items	39	-	-
Cash flow from operating activities before change in working capital		**11,492**	**4,403**
Cash flow from change in working capital			
Change in operating receivables		-49,541	-37,648
Change in operating liabilities		-3,122	8,492
Total change in working capital		**-52,663**	**-29,156**
Cash flow from operating activities		**-41,171**	**-24,753**
Investment activities			
Other intangible assets	21	-	-1,698
Financial assets		250	298
Cash flow from investment activities		**250**	**-1,400**
Total cash flow before financing activities		**-40,921**	**-26,153**
Financing activities			
Convertible debt issued		3,078	-2,149
New share issues		37,861	27,255
Long term receivable group companies		-	-
Cash flow from financing activities		**40,939**	**25,106**
Cash flow for the year		**18**	**-1,047**
Cash and cash equivalents at beginning of the year		8	1,055
Cash and cash equivalents at end of the year	39	**26**	**8**

CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

(KSEK)	Share capital	Ongoing share issue	Statutory reserve	Share premium	Earnings brought forward	Total Equity
Shareholders´ equity 01 January 2019	**72,367**	**-**	**123,031**	**689,216**	**-315,662**	**568,952**
Total profit/loss for the year	-	-	-	-	**4,225**	**4,225**
	-	-	-	-		
Total comprehensive income/cost for the year	-	**-**	-	**-**	4,225	**4,225**
New share issue	17,790	-	-	9,465	-	**27,255**
Shareholders´ equity 31 December 2019	**90,157**	**-**	**123,031**	**698,681**	**-311,437**	**600,432**
Total profit/loss for the year	-	-	-	-	**-233,281**	**-233,281**
	-	-	-	-		
Total comprehensive income/cost for the year	-	**-**	-	**-**	-233,281	**-233,281**
New share issue	16,213	5,025	-	16,623	-	**37,860**
Shareholders´ equity 31 December 2020	**106,370**	**5,025**	**123,031**	**715,304**	**-544,718**	**405,012**

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 Stockholm, Sweden. The Anoto Group is a global provider of Enterprise Solution and Licensing, Notetaking, OEM and KAIT.

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 30, 2021. 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 June 18, 2021.

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.

At the date of authorization of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to the existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on 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

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, upon transfer of control of the asset to the customer
- Software license fee – revenue recognized over time, across the contractual license period
- Pattern – revenue recognized at a point in time, upon transfer of control of the asset to the customer
- Other services – revenue recognized at a point in time, upon supply of services
- Pens and accessories – revenue recognized at a point in time, upon transfer of control of the asset to the customer

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.

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 two 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 the Group has sufficient financial resources and 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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

Valuation and reporting of leasing agreements as lessees

At the beginning of the leasing agreement, the Group reports a right-of-use asset and a leasing liability in the Group's statement of financial position. The right-of-use asset is valued at acquisition value, which includes the amount that the lease liability was originally valued at, any initial direct expenses incurred by the Group, an estimate of the Group's expenses for dismantling and removal of the asset at the end of the lease term and any lease fees paid before the beginning of the leasing agreement (less any benefits received).

The Group writes off the right-of-use asset on a straight-line basis from the beginning of the leasing agreement until the end of the leasing period. The Group also assesses right-of-use assets for impairment when there is an indication of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. This interest rate is adjusted if the lessee has a different risk profile than the Group's risk profile.

Leasing fees that are included in the valuation of the leasing debt include fixed fees, variable leasing fees based on an index or rate, and exercise price under a purchase option that the Group is reasonably certain to exercise.

After the commencement date, the lease liability is reduced by leasing payments which are divided between amortization and financial expense. The financial cost is the amount that gives a constant periodic interest rate on the remaining debt.

The debt is revalued when there is a change in the lease payment. Changes in a lease payment as a result of changes in lease terms or a changed assessment of a call option regarding the leased asset leads to a revaluation of the lease liability. The changed lease payments are discounted using the Group's incremental borrowing rate per day for revaluation when the implicit interest rate cannot be determined. When revaluing the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with the exception of when the carrying amount of the asset has been adjusted down to zero when the revaluation is reported in the income statement.

Payments under lease agreements can also be changed when there is either a change in amounts expected to be paid under residual value guarantees or when future payments are changed using the index or price to determine these lease payments, including changes in market rent levels as a result of a review of market rents. The lease liability is revalued only when the adjustment of the lease payments enters into force and the changed lease payment for the remaining lease period is discounted using an unchanged discount rate. This does not apply to changes in leasing payments that results in a change in a variable interest rate as the discount rate is changed to reflect the change in interest rates.

The Group has chosen to report short-term lease agreements and leasing agreements for which the underlying asset has a low value by utilizing the practical solution found in IFRS 16. Such leasing agreements include office equipment such as desks and chairs, as well as certain IT equipment. Instead of reporting a right-of-use asset and a leasing liability, leasing fees relating to these leasing agreements are expensed on a straight-line basis over the leasing period.

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.

Group

Exchange differences related to monetary items for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entities net investment in that foreign operation. Exchange differences arising from these items are recognized in other comprehensive income in the consolidated financial statements.

Parent Company

Exchange differences related to monetary items that are considered to be a part of the entities net investments are recognized in the profit and loss in the financial statements of the parent company.

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 Group 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).

Subsequent measurement of financial assets

Financial assets at amortised cost:

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial asset and collect its contractual cash flow, and
- 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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through other comprehensive income (FVOCI):

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell, and
- 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

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Fair value measurement:

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Financial assets in the group that are valued at fair value has been valued at fair market price at active market, level 1.

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 28 is a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

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 bank balances. 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 Group 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 Group´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 group 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 remuneration

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.

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 has three operating segments: Notetaking Enterprise and OEM. In identifying these operating segments, management generally follows the Group´s service lines representing its mains products and services.

Each of these operating segments its managed separately as each requires different technologies, marketing approaches and other resources. All Inter-segments transfers are carried out at arm´s length prices based on prices charged to unrelated costumers in stand-alone sales of identical goods of services.

For the management purpose, the group uses the same measurement policies as those used in this financial statement, except for certain item not included in determining the operating profit of the operating segment, as follows:

- Post – employment benefits expenses.
- Share-based payment expenses.
- Research costs relating to new business activities.
- Revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group´s headquarter and the illustrative research LAB in Korea.

SEGMENT REPORTING

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies

During 2020, 34,605 KSEK or 31% (31,303 KSEK or 27%) of the Group’s revenues depended on two customers in the OEM and notetaking segments.

The total presented for the Group´s operating segments reconcile to the financial figures as presented in this financial statement as follows:

(KSEK)	Group 2020	Group 2019
Revenues		
Total Reportable Segment reporting	86,060	141,440
Elimination of intersegment revenues	-15,508	-29,473
Group Revenues	**70,552**	**111,967**

Profit and Losses		
Total Reportable Segment reporting	-229,274	-224,417
Other expenses not allocated	39,782	32,322
Elimination of intersegment Profit	15,508	29,473
Group Operating Profit	**-103,431**	**-50,654**
Financial costs	-24,910	-870
Finance income	-	18,952
Group Profit before taxes	**-128,342**	**-32,573**

(KSEK)	Group 2020	Group 2019
Assets		
Total Reportable Segment Assets	119,778	161,440
Other Assets	105,277	145,043
Group Assets	**225,056**	**306,483**

(KSEK)	Group 2020	Group 2019
Liabilities		
Total Reportable Segment Liabilities	64,824	51,007
Other Liabilities	4,472	17,244
Group Liabilities	**69,296**	**68,251**

An analysis of the Group revenue from external costumers for each major product and service category is as follow:

(KSEK)	Group 2020	Group 2019
Revenues		
Enterprise Forms	17,348	29,023
Notetaking	29,025	58,803
OEM	23,535	24,141
Other	644	-
Group Revenues	**70,552**	**111,967**

For the year ended 31 December 2020

(KSEK)	Enterprise Forms	Notetaking	OEM	Other	Total
Revenue					
From external customers	17,348	29,025	23,535	644	70,552
From other segments	1,838	2	13,669	-	15,508
Segment Revenue	19,186	29,027	37,203	644	86,060
Costs of Goods Sold	2,742	14,971	15,635	1,142	34,490
Other Operating Expenses	27,197	19,219	49,466	45,704	141,586
Segment Operating Profit	-10,752	-5,163	-27,898	-46,847	-90,016
Segment Assets	49,683	18,025	52,071	105,277	225,056
Segment Liabilities	22,291	5,843	36,689	4,472	69,296

For the year ended 31 December 2019

(KSEK)	Enterprise Forms	Notetaking	OEM	Other	Total
Revenue					
From external customers	29,023	58,803	24,141	-	111,967
From other segments	3,171	761	25,541	-	29,473
Segment Revenue	32,194	59,564	49,682	-	141,440
Costs of Goods Sold	5,081	42,380	33,363		80,824
Other Operating Expenses	21,245	40,641	17,063	32,322	111,270
Segment Operating Profit	5,868	-23,457	-744	-32,322	-50,654
Segment Assets	67,860	25,772	67,808	145,043	306,483
Segment Liabilities	8,173	7,250	35,584	17,244	68,251

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.

Shares 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 two 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 evidence of impairment regarding Group goodwill for the current period. 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 MSEK 109 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 there are sufficient financial resources to complete the development, including an estimation of remaining period of development and costs,
- 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 2020 to MSEK 2 (20).

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, apart from the interest on the loans, that will affect cash flow are accounts payable and other current liabilities. All these liabilities fall due within 3 months.

Maturity structure financial liabilities (KSEK):

2020:

	0-3 months	4-6 months	7-12 months	1-5 years
Borrowings	0	0	19,294	0
Long terms liabilities	0	0	0	17,441
Lease liabilities	0	0	0	4,229
Accounts payable	28,648	0	0	0
Other current liabilities	3,086	0	0	0

2019:

	0-3 months	4-6 months	7-12 months	1-5 years
Borrowings	0	0	3,480	0
Long terms Liabilities	0	0	0	5,856
Accounts payable	37,704	0	0	0
Other current liabilities	3,816	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 because it is difficult to predict cash flows needs in the relevant currencies.

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

The net exposure in USD is attributable to revenue and expenses through Livescribe, Inc and Knowledge Ai 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

Sensitivity Analysis (Net Income impact of 5% points change of operating currencies against SEK)

USD	(+/-) 3.0 MSEK
EUR	(+/-) 0.1 MSEK
GBP	(+/-) 0.3 MSEK
KRW	(+/-) 0.6 MSEK
SGD	(+/-) 0.1 MSEK

Translation exposure

Translation Exposure (Translation Reserve (equity) impact of 5% points change of operating currencies against SEK)

USD	(+/-) 9.6 MSEK
EUR	(+/-) 0.2 MSEK
GBP	(+/-) 4.2 MSEK
KRW	(+/-) 3.2 MSEK
SGD	(+/-) 0.2 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, all of which have fixed interest rates. Management therefore does not consider interest risk a significant exposure. Details of interest bearing liabilities are set out in note 33.

Other Price risk

The Group carries other long term investments at historical cost, less any allowance for impairment. At December 31, 2020, 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.

The long-term investment in SMARK Limited has been valued at fair market price in active markets

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.

For additional information about credit risk in accounts receivable, see Note 28. Expected loss rates are based on the payment profile for sales over the past 24 months before 31 December 2020, as well as the corresponding historical credit loss during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. 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)	Enterprise Forms	Notetaking	OEM	Other	Total
Sweden	154	1,080	0	0	1,234
EMEA	9,296	5,090	0	0	14,386
Americas	7,217	22,855	0	178	30,250
APAC	681	0	23,535	466	24,681
31 December 2020 Total	**17,348**	**29,025**	**23,535**	**644**	**70,552**

(KSEK)	Enterprise Forms	Notetaking	OEM	Other	Total
Sweden	147	1,067	0	0	1,214
EMEA	14,578	10,910	0	0	25,489
Americas	8,196	45,069	0	0	53,265
APAC	6,101	1,757	24,141	0	31,999
31 December 2019 Total	**29,023**	**58,803**	**24,141**	**0**	**111,967**

In presenting the geography information segment net sales has been based on the geography location of costumers and grouped into three regions plus the Sweden Country, changing the geographies presented in the previous year.

Group assets per market

(KSEK)	Intangible assets		Tangible assets	
	2020	2019	2020	2019
Sweden	133,474	171,290	-	-
US	5,846	4,267	818	218
UK	9,104	8,768	403	583
Korea	24,765	34,813	3,840	2,569
Singapore	-	-	60	66
Portugal	-	-	4,408	3,631
Total	**173,188**	**219,138**	**9,529**	**7,067**

NOTE 6 – Average number of employees

	2020 No. of Ee's	2020 Of which are Men	2019 No. of Ee's	2019 Of which are Men
Group companies:				
Sweden	-	-	-	-
US	3	3	6	4
Korea	28	20	30	24
UK	3	3	4	3
Singapore	1	0	2	1
Portugal	3	0	4	2
Total	**38**	**26**	**46**	**34**

The parent company has no employees.

NOTE 7 – Board of Directors and management split by gender

	2020 No. of Ee's	2020 Of which are Men	2019 No. of Ee's	2019 Of which are Men
Board of Directors Parent company	4	4	4	4
Board of Directors Group companies	4	4	2	2
Total Board	**8**	**8**	**6**	**6**
Management Group companies	2	2	3	3
Total Management	**2**	**2**	**3**	**3**

NOTE 8 – Salaries and remuneration

(KSEK)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Salaries				
Board of Directors and CEO	5,912	6,293	1,164	1,337
Other senior executives	1,494	1,214	-	-
Other employees Sweden	147	3,653	-	-
Other employees US	15,258	7,797	-	-
Other employees UK	3,612	3,472	-	-
Other employees Korea	1,451	3,298	-	-
Other employees Portugal	1,065	2,217	-	-
Other employees Singapore	236	815	-	-
Total salaries	**29,176**	**28,759**	**1,164**	**1,337**
Payroll overhead				
Board of Directors and CEO	362	111	279	25
Other senior executives	140	114	-	-
Other employees Sweden	-	-	-	-
Other employees US	2,579	1,268	-	-
Other employees UK	365	365	-	-
Other employees Korea	1,470	1,632	-	-
Other employees Portugal	283	724	-	-
Other employees Singapore	79	111	-	-
Total payroll overhead	**5,278**	**4,324**	**279**	**25**
Pension expenses				
Other employees US	1	-	-	-
Other employees UK	42	15	-	-
Other employees Korea	139	345	-	-
Total pension expenses	**181**	**359**	**-**	**-**
Total salaries and remunerations	**34,635**	**33,443**	**1,443**	**1,362**
Whereof:				
Sweden	6,420	5,015	1,443	1,362
US	17,838	9,065	-	-
UK	4,019	3,852	-	-
Korea	4,694	6,603	-	-
Portugal	1,348	2,941	-	-
Singapore	316	5,967	-	-
Total	**34,636**	**33,443**	**1,443**	**1,362**

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

(KSEK)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Selling expenses	11,175	13,609	-	-
R&D expenses	14,430	10,873	-	-
Administrative expenses	9,031	8,962	1,443	1,362
Total	**34,636**	**33,443**	**1,443**	**1,362**

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

Board and CEO 2020	(KSEK)	**Salary/ Remuneration Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Joonhee Won	CEO	4,747				4,747
Perry Ha	Chairman of the Board	600				600
Anders Sjogren	Board Member	300				300
Young Hee Song	Board Member	300				300
Wonchan Lee	Board Member	0				0
Total[1)]		**5,947**	**0**	**0**	**0**	**5,947**

Board and CEO 2019	(KSEK)	**Salary/ Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Joonhee Won	CEO	4,956	-	-	-	4,956
Jorgen Durban	Chairman of the Board	670	-	-	-	670
Young Soo Ha	Board Member	335	-	-	-	335
Anders Sjogren	Board Member	166	-	-	-	166
Henrik Hammarskiold	Board Member	166	-	-	-	166
Total [1)]		**6,293**	**-**	**-**	**-**	**6,293**

Management 2020 (KSEK)	**Salary / Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Group management [2)]	1,494	-	-	-	1,494
Total	**1,494**	**-**	**-**	**-**	**1,494**

Management 2019 (KSEK)	**Salary / Remuneration**	**Bonus**	**Pension**	**Other Remuneration**	**Total**
Group management [2)]	1,214	-	-	-	1,214
Total	**1,214**	**-**	**-**	**-**	**1,214**

[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 2020)

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 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

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.

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Grant Thornton				
Audit assignment, Grant Thornton	2,539	1,547	2,539	1,547
Audit activities other than audit assignment	1,112	781	1,112	781
Tax advisory services	235	1,239	0	17
Other services	35	103	35	103
Total	**3,920**	**3,670**	**3,686**	**2,448**
Other auditors				
Audit assignment, other auditors	110	245	-	-
Tax advisory services	451	547	84	190
Total	**561**	**792**	**84**	**190**
Total	**4,481**	**4,462**	**3,770**	**2,638**

Anoto

NOTE 11 – Operating costs by type

(KSEK)	Note	Group 2020	Group 2019	Parent 2020	Parent 2019
Cost of goods sold		-32,397	-51,351	-	-
Change in Inventories		-	-	-	-
Personnel cost	8	-33,472	-33,443	-1,443	-1,362
External services		-25,529	-23,607	-5,524	-7,026
Rent		-1,624	-1,632	-307	-
Travel expenses		-2,571	-6,206	-662	-2,469
Marketing and PR		-5,085	-8,804	-	-73
Depreciation and amortisation	14	-14,914	-9,246	-345	-178
Impairment	14	-20,534	-6698	-	-
Other operating costs	13	-9,228	-12,083	-698	-1232
Total		**-145,354**	**-153,069**	**-8,980**	**-12,341**

NOTE 12 – Other operating income

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Exchange gains	-	-	-	-
Other operating income	-	-	-	-
Total	**-**	**-**	**-**	**-**

NOTE 13 – Other operating costs

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Other operating expenses	-28,630	-9552	-	-
Loss on Sales of Fixed Assets	-	-	-	-
Exchange losses	-	-	-	-
Total	**-28,630**	**-9,552**	**-**	**-**

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 2020	Group 2019	Parent company 2020	Parent company 2019
Amortization intangible fixed assets				
Administrative expenses	-11,956	-6,682	-345	-178
Total amortization intangible fixed assets	**-11,956**	**-6,682**	**-345**	**-178**
Depreciation tangible fixed assets				
Administrative expenses	-2,958	-2,565	-	-
Total depreciation tangible fixed assets	**-2,958**	**-2,565**	**-**	**-**
Impairment intangible fixed assets				
Administrative expenses	-20,534	-6,698	-	-
Total impairment intangible fixed assets	**-20,534**	**-6,698**	**-**	**-**
Total amortization, depreciation and impairment	**-35,448**	**-15,944**	**-345**	**-178**

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 2020	Parent company 2019
Impairment of shares [1)]	-138,078	-
Total	**-138,078**	**-**

[1)] Refers to write-off in 2020 related to write down of the shares in Anoto AB and Anoto Korea

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NOTE 16 – Financial income and expenses

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Financial income				
Other interest income	-	20	-	-
Other financial income	-	7,630	-	-
Interest from Group companies	-	-	29,797	66
Exchange gains	-	11,302	317	4,880
Total financial income	**-**	**18,952**	**30,114**	**4,945**
Financial expenses				
Interest expenses on loans	-195	-739	-	-570
Other interest expenses	-250	-125	-	-125
Other financial expenses	-1,740	-	-106,600	-
Exchange losses	-22,726	-6	-18,485	-9
Total financial cost	**-24,910**	**-870**	**-125,086**	**-704**
Total financial net income/(expense)	**-24,910**	**18,081**	**-94,972**	**4,241**

NOTE 17 – Income taxes

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Deferred tax	74	-34	-	-
Total	**74**	**-34**	**-**	**-**

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

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Reported profit/(loss) before tax	-128,342	-32,573	-233,281	4,225
Tax in accordance with current tax rate of 21,4% (21,4%)	27,465	6,971	49,922	904
Other	-	-	-	-
Tax impact of non-deductible expenses	2,451	-3,353	57,602	-
Tax impact of non-taxable income	-	-	-	-
Increase/decrease of tax deficits without corresponding capitalization	-29,746	-3,651	-94,611	-904
Tax reported	**170**	**-33**	**12,913**	**0**

Tax deficit

(KSEK)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Opening balance Swedish companies	-878,238	-899,117	-26,909	-31,134
Opening balance foreign companies	-1,339,129	-1,300,882	-	-
Opening balance adjust from prior year	-	-	-	-
Tax deficit of the year Swedish companies	-321,793	20,879	-233,281	4,225
Tax deficit of the year foreign companies	-79,191	-38,247	-	-
Closing tax deficit	**-2,618,350**	**-2,217,367**	**-260,190**	**-26,909**
Nominal amount, tax asset 20.6% Swedish companies	**539,380**	**456,778**	**53,599**	**5,543**

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 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accumulated historical cost				
Opening accumulated historical cost	146,923	121,723	-	-
Capitalization for the year [1)]	473	25,200	-	-
Closing accumulated historical cost	**147,396**	**146,923**	**-**	**-**
Accumulated amortization				
Opening accumulated amortization	-25,440	-19,787	-	-
Amortization for the year according to plan	-11,379	-5,653	-	-
Closing accumulated amortization	**-36,819**	**-25,440**	**-**	**-**
Accumulated impairment losses				
Opening accumulated impairment losses	-52,975	-	-	-
Impairment losses for the year	-2,988	-52,975	-	-
Closing accumulated impairment losses	**-55,963**	**-52,975**	**-**	**-**
Closing residual value	**54,613**	**68,508**	**-**	**-**

[1)] *Internally developed*

Capitalised development expenditures comprise costs incurred on the development of products and technology.

Carrying amount and remaining amortization period of significant assets:

AP-701 Series – 15,685 KSEK – 2.5 years remaining

Remaining portion 35 856 KSEK is made up of non-significant projects

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.

In-progress technology was tested for impairment during the fourth quarter of fiscal year 2020 and did not require impairment. 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 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accumulated historical cost				
Opening accumulated historical cost	77,557	75,225	13,996	13,996
Acquisitions	645	2332	-	-
Closing accumulated historical cost	**78,202**	**77,557**	**13,996**	**13,996**
Accumulated amortization				
Opening accumulated amortization	-75,480	-74,809	-13,996	-13,994
Amortization for the year according to plan	-247	-671	0	-2
Closing amortization	**-75,728**	**-75,480**	**-13,996**	**-13,996**
Closing residual value	**2,474**	**2,077**	**0**	**0**

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 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accumulated historical cost				
Opening accumulated historical cost	2,317	2,290	104	104
Acquisitions	81	27		
Closing accumulated historical cost	**2,398**	**2,317**	**104**	**104**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-1,904	-1,725	-94	-88
Amortization for the year according to plan	-185	-179	-6	-6
Closing amortization and impairment losses	**-2,089**	**-1,904**	**-100**	**-94**
Closing residual value	**309**	**414**	**4**	**10**

Amortization by function is shown in note 14.

NOTE 21 – Other intangible assets

(KSEK)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accumulated historical cost				
Opening accumulated historical cost	57,996	57,996	7,511	5,983
Acquisition of License	857	-	-	1,528
Translation difference	-	-	-	-
Closing accumulated historical cost	**58,853**	**57,996**	**7,511**	**7,511**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-51,998	-51,926	-	-
Amortization for the year according to plan			-340	-
Translation difference		-72	-	-
Closing amortization and impairment losses	**-51,998**	**-51,998**	**-340**	**-**
Closing residual value	**6,854**	**5,998**	**7,172**	**7,511**

Amortization by function is shown in note 14.

For the 2020 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, belonging to the parent company, Anoto Group AB.

NOTE 22 – Goodwill

(KSEK) 2020	Livescribe	Anoto Korea	Total
Accumulated historical cost 2020			
Opening accumulated historical cost	**109,836**	39,005	148,841
Translation differences	**-12,907**	-2,407	-15,314
Closing accumulated historical cost 2020	**96,929**	**36,598**	**133,527**
Opening accumulated impairment losses	**-6,698**	-	**-6,698**
Translation differences	**2,642**		**2,642**
Impairment losses for the year	**-20,534**	-	**-20,534**
Closing accumulated impairment losses 2020	**-24,590**	**-**	**-24,590**
Closing net balance 2020	**72,339**	**36,598**	**108,937**

(KSEK) 2019	Livescribe	Anoto Korea	Total
Accumulated historical cost 2019			
Opening accumulated historical cost	**97,008**	37,621	134,629
Translation differences	**12,828**	1,384	14,212
Closing accumulated historical cost 2019	**109,836**	**39,005**	**148,841**
Opening accumulated impairment losses	**-**	-	-
Impairment losses for the year	**-6,698**	-	**-6,698**
Closing accumulated impairment losses 2019	**-6,698**	**-**	**-6,698**
Closing net balance 2019	**103,138**	**39,005**	**142,143**

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 Pen Generations Co. Ltd. for MSEK 38,9. Pen Generations Co. Ltd. has been a longstanding Anoto Partner.

The two remaining cash generating units were tested for impairment and additional 20.5MSEK impairment loss was identified and done for Livescribe as Anoto Korea remained unchanged.

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 22.7% (22.31%) 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 20 to 35% growth on sales for Livescribe and management's estimates of sales and margins in relation to new sources of revenue that are now being developed that lead to 10% to 30% Sales growth on Sales for Anoto Korea.

Forecasts are done in line with consideration of the Group's performance in prior periods and the Group's strategy for the next years, using the most up to date knowledge about the business and the market. Nevertheless, actuals may not follow as expected, and in the past Anoto faced some non-recurring issues that had negative material impact on the Revenues such as production disturbances from technical issues to changing manufacturing supplier with ramp-up period higher than expected.

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 increased to 22.7% to reflect uncertainties caused by the COVID situation and 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 carefully. 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 and Livescribe were acquired in 2016 and 2015 respectively. Based on the key assumptions on which recoverable amounts are based, management assessed goodwill impairment loss for Livescribe during the year of 20.5 MSEK.

Goodwill in relation to Anoto Limited was written down to zero in 2018. The Group has developed a new technology platform called Anoto Cloud which will replace the old one that Anoto Limited owns.

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
2020				
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate before tax	22.76%	22.76%	22.76%	22.76%
Gross Profit	49%-57%	49%~57%	40%-41%	40%-41%
Cost increase	16%-38%	16%- 38%	8%~21%	8%~21%

(KSEK)	Livescribe Assumed Value	Livescribe Changed Value	Anoto Korea Assumed Value	Anoto Korea Changed Value
2019				
Perpetual growth rate	2.0%	2.0%	2.0%	-1.5%
Discount rate before tax	22.31%	22.31%	22.31%	23.98%
Gross Profit	36.2%-50.8%	36.2%-50.8%	30.4%-35.8%	29.1%-33.4%
Cost increase	10.8%-20.4%	10.8%- 20.4%	1.5%	6.35%

NOTE 23 – Equipment and tools

(KSEK)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accumulated historical cost				
Opening accumulated historical cost	56,250	49,851	-	-
Additions for the year	5,419	6,399	-	-
Closing accumulated historical cost	**61,669**	**56,250**	**-**	**-**
Accumulated depreciation and impairment				
Opening accumulated depreciation	-49,183	-46,618	-	-
Depreciation for the year according to plan	-2,958	-2,565	-	-
Sales of Fixed Assets	-	-	-	-
Closing depreciation and impairment losses	**-52,140**	**-49,183**	**-**	**-**
Closing residual value	**9,529**	**7,067**	**-**	**-**

NOTE 24 – Participation in Group companies

(KSEK)	Parent Company 2020	Parent Company 2019
Opening balance acquisition cost	46,646	72,531
Impairment loss for the year	-38,326	-25,885
Total	**8,320**	**46,646**

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%	2,145	2,145
XMS Penvision AB	556708-4685	Stockholm	611,731	93.20%	-1,223	-
Anoto Korea Inc. 1)	129-86-60962	Seongnam	20,000,000	100%	-90,044	6,174
						8,320

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.	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.	London	UK	Operational	Anoto AB	100%
XMS	Stockholm	Sweden	Operational	Anoto AB	100%
Livescribe, Inc.	San Francisco	USA	Operational	Anoto Inc	100%
KAIT US	Boston	USA	Operational	Anoto AB	100%
KAIT Singapore	Singapore	Singapore	Operational	KAIT US	100%
KAIT Ltd	London	UK	Operational	KAIT US	100%

NOTE 25 – Other long-term securities

(KSEK)	Group 2020	Group 2019	Parent 2020	Parent 2019
Opening balance	260	385	260	385
Losses at valuation to fair value of investment 1)	-250	-125	-250	-125
Total	**10**	**260**	**10**	**260**

1) The long-term investment in SMARK Limited has been valued at fair market price in active markets.

NOTE 26 – Other long-term Receivables

(KSEK)	Group 2020	Group 2019	Parent 2020	Parent 2019
Opening balance	1,418	1,781	87	-
Additions	499	87	-	87
Settlements	-452	-450	-	-
Total	**1,465**	**1,418**	**87**	**87**

NOTE 27 – Inventory

(KSEK)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Raw material (components)	5,417	12,187	-	-
Finished goods	9,286	10,503	-	-
Total	**14,703**	**22,690**	**-**	**-**

In 2020, a total of COGS 32,397 KSEK (2019: COGS 51,351 KSEK) of inventory was included in profit and losses as an expense.

NOTE 28 – Accounts receivable

(KSEK)	2020 Gross	2020 Net	2019 Gross	2019 Net
Not due	3,425	3,407	12,993	12,993
Due 1 - 30 days	8	8	4,316	4,316
Due 31 - 60 days	309	308	257	257
Due 61 - 90 days	571	569	965	965
Due more than 90 days	16,014	2,855	13,364	2,458
Total	20,326	7,146	31,895	20,989

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 13,180 (10,906).
Changes in the allowance for doubtful accounts during the fiscal years ended December 31, 2020 and 2019 were as follows:

(KSEK)	2020	2019
Loss allowance as at 1 January calculated under IAS 9	10,906	10,319
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at January 2019	10,906	10,319
Loss Allowance recognised during the year	2,274	1,645
Receivables written off during the year	0	-1,058
Loss allowance as at 31 December	13,180	10,906

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.

	2020			2019		
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	123	98%	56%	104	95%	40%
Exposure 1-10 MSEK	2	2%	44%	6	5%	60%
Exposure > 10 MSEK	0	0%	0%	0	0%	0%
Total	**125**	**100%**	**100%**	**110**	**100%**	**100%**

NOTE 29 – Prepaid expenses and accrued income

(KSEK)	**Group 2020**	**Group 2019**	**Parent Company 2020**	**Parent Company 2019**
Prepaid rent	113	134	-	-
Prepaid insurance	213	564	197	464
Prepaid software licenses	164	498	16	-
Prepaid legal fees	-	3,514	-	-
Prepaid contractor fee	4,618	1,985	1,985	1,985
Other	98	294	-	16
Total	**5,206**	**6,988**	**2,197**	**2,465**

NOTE 30 – Provisions for product warranty commitments

(KSEK)	**Group 2020**	**Group 2019**	**Parent Company 2020**	**Parent Company 2019**
Opening balance	3,019	242	-	-
New provisions	807	3,019	-	-
Unutilized amount returned	-2,675	-242		
Total	**1,151**	**3,019**	**-**	**-**

Provisions for product warranty commitments relate essentially to the sale of pens during 2020 and 2019. 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.

NOTE 31 – Accrued expenses and deferred income

(KSEK)	**Group 2020**	**Group 2019**	**Parent Company 2020**	**Parent Company 2019**
Accrued employee benefit expenses	2,007	1,969	-	-
Deferred income	708	2,608	-	-
Legal fees	-	-	-	-
Other services and goods	4,216	4,879	1,179	1680
Other	-	-	-	-
Total	**6,931**	**9,455**	**1,179**	**1,680**

Revenue recognized in 2020 that was included in contract liability (deferred income) balance at the beginning of the period KSEK 2,409.

NOTE 32 – Share-based payments to employees

Option Program

As of December 31, 2020, Anoto Group has the following valid option programs:

In Q2, 2017, an incentive scheme for senior executives was adopted 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 is 2 million and to each of the other senior executive is 666,667. The share options will mature during 2021. In addition, an incentive scheme for the Board of Directors was adopted 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 is 333,333 and to each of the other board members is 66,667 thousand. The share options will mature during 2020. As of December 31, 2020, there were 2,000,000 options outstanding.

In Q2, 2018, an incentive scheme for senior executives was adopted that comprises a maximum of 21,458,085 stock options at a subscription price of SEK 4.08. The maximum number of stock options to be allocated to the CEO is 13,411,303 and to the other senior executive is 8,046 782. 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 is 1,149,540 and to each of the other board members is 574,770. The share options will mature during 2022. As of December 31, 2020, there were 18,525,613 options outstanding.

No payments are due or have been paid on the grant of options and no options have been exercised during the year.

The value of outstanding options calculated using the Black & Scholes valuation model, as per 31st of December 2020 amounts to KSEK 3,370 (5,078). A total of KSEK 2,528 (3,653) 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	2020 Nom. Value	2020 Book value	2019 Nom. Value	2019 Book value
Third party loans	2.0 - 5.0%	**2021**	2,983	2,983	6,945	6,945
Leasing	3.0%	**2021**	2,335	2,335	1,237	1,237
Total interest bearing liabilities			**5,318**	**5,318**	**8,182**	**8,182**

Third party loans

The loans are secured against current assets in the group where the lenders have priority over other creditors.

NOTE 34 – Leasing

The leasing cost of assets under operating leases amounted to KSEK 1,529 (1,381) and interest costs amounted to KSEK 154 (25), derived primarily from rented premises. Future payments for non-cancellable operating leasing contracts fall due as follows:

(KSEK)	Group 2020	Group 2019
Less than one year	2,335	1,237
Between one and five years	1,894	1,403
More than five years	-	-
	4,229	**2,639**

The type of the Group Leasing recognised in the balance sheet is related to Office Building.

Asset	No of Asset	Range of remaining term	No Leases with extension option	No Leases with Purchase option
Office Building	3	1-3 Years	3	0

Additional information on the right-of-use assets by class of assets is as follows:

Asset	Carrying Amount	Depreciation Expense	Impairment
Office Building	**4,017**	**2,136**	**-**
prior year balance	3,082		
2020 additions	935		

Future minimum lease payments at 31 December 2020 are as follows:

	Minimum Lease Payments Due			
	Within 1 Year	**1-2 Years**	**2-3 Years**	**Total**
31-Dec-20				
Lease Payments	2,428	1,264	678	4,370
Finance Charges	-94	-39	-9	-142
Net Present Value	**2,335**	**1,225**	**669**	**4,229**

Lease payments not recognized as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months of less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31 December 2020
Short-term lease	1,212
Leases of low value assets	12
Variable lease payments	305
	1,529

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
01/01/2020	**3,480**	**8,182**	**-**	**11,662**
Cash flows:				
- Repayments	-4,161	-6,272	-	-10,433
- Proceeds	17,148	4,645	-	21,793
Non-cash				
- Reclassification	2,826	-1,237	1,590	3,180
31/12/2020	**19,293**	**5,318**	**1,590**	**26,201**

(KSEK)	Long-term borrowings	Short-term borrowings	Lease Liabilities	Total
01/01/2019	**2,149**	**5,685**	**-**	**7,834**
Cash flows:				
- Repayments	-2,149	-	-	-2,149
- Proceeds	2,071	1,260	-	3,331
Non-cash				
- Reclassification	1,409	1,237	-	2,646
31/12/2019	**3,480**	**8,182**	**-**	**11,662**

NOTE 36 – Financial instruments

Group 2020	**Amortised Cost**	**FVTPL**	**FVOCI**	**Derivatives used for hedging (FV)**	**Total**
Accounts receivable and other short- and long-term receivables	8,612	-	-	-	8,612
Liquid assets, incl. current investment	2,128	-	-	-	2,128
Long-term investments[1)]	-	-	10	-	10
Assets	**10,740**	**-**	**10**	**-**	**10,750**
Short-term loans	5,318	-	-	-	5,318
Accounts payable	28,648	-	-	-	28,648
Other liabilities	28,399	-	-	-	28,399
Liabilities	**62,365**	**-**	**-**	**-**	**62,365**

Group 2019	**Amortised Cost**	**FVTPL**	**FVOCI**	**Derivatives used for hedging (FV)**	**Total**
Accounts receivable and other short- and long-term receivables	22,406	-	-	-	22,406
Liquid assets, incl. current investment	20,375	-	-	-	20,375
Long-term investments[1)]	-	-	260	-	260
Assets	**42,781**	**-**	**260**	**-**	**43,041**
Short-term loans	11,662	-	-	-	11,662
Accounts payable	37,704	-	-	-	37,704
Other liabilities	9,429	-	-	-	9,429
Liabilities	**58,795**	**-**	**-**	**-**	**58,795**

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	**2020**	8,749	-	-	409,520	-13,934
Group company	**2019**	12,325	-	-	565,810	-12,998

Group:

Related parties (KSEK)		Loans
Third party	**2020**	16,769
Third party	**2019**	0

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	2020	2019
Registered opening balance	**150,262,257**	**120,612,257**
Rights Issue, 16 September 2019 1)		9,612,855
Rights Issue, 17 September 2019 2)		6,941,175
Rights Issue, 7 November 2019 3)		1,095,970
Rights Issue, 15 November 2019 4)		12,000,000
Rights Issue, 24 March 2020 5)	20,000,000	
Rights Issue, 29 September 2020 6)	7,022,560	
Registered closing balance	**177,284,817**	**150,262,257**

Par value (SEK)	**0.6**	**0.6**

1) Rights Issue, price SEK 0.85
2) Rights Issue, price SEK 0.85
3) Rights Issue, price SEK 0.85
4) Rights Issue, price SEK 1.184
5) Rights Issue, price SEK 1.07
6) Rights Issue, price SEK 1.27

Equity

(KSEK)	Group 2020	Group 2019
Translation reserve		
Accumulated exchange rate differences at beginning of the year	-12,841	-1,758
Gain/losses at valuation to fair value	-250	-16,577
Exchange rate differences for the year	8,365	5,494
Accumulated exchange rate differences at year end	**4,726**	**-12,841**

Capital management

Since its founding in 1999, Anoto Group has developed electronic pens that turn what is written on paper into digital form. Development costs have been significant and since 1999 approximately MSEK 2,454 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 2021 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 2020	Group 2019	Parent Company 2020	Parent Company 2019
Cash and bank balances	2,128	20,375	26	8
Total	2,128	**20,375**	**26**	**8**

Other Items not affecting cash flow

Exchange gains and losses	-	-11,302	-	-
Gain/losses at valuation to fair value	-	125	-	-
Other	-	-4102	-	-
Total	**-**	**-15,278**	**-**	**-**

NOTE 40 – Events after December 31, 2020

After having analysed all the events occurring following the fiscal year end until the date of the publishing of the annual report, the Board of Directors reached the conclusion that the following events required disclosure:

1. On January 20, 2021, the Board of Directors of Anoto Group resolved, subject to approval of a general meeting, to carry out a directed rights issue of 21,000,000 ordinary shares at a subscription price of SEK 0.90 per share, which corresponds to a premium of 2.97 per cent against the closing price of January 19, 2021, and to call for an extraordinary general meeting on February 15, 2021 with a proposal that the extraordinary general meeting approves the Board of Directors' resolution. Through the directed rights issue, Anoto will receive approximately SEK 18.9 million before issue costs. The directed rights issue has a dilution effect of approximately 9.7 per cent of the share capital after dilution by increasing the number of outstanding shares from 194,658,150 to 215,658,150.

2. On February 15, 2021, an Extraordinary General Meeting was held in Stockholm. The meeting resolved to elect Jörgen Durban as a new member of the board of directors until the next annual general meeting. The meeting also resolved, to approve the Board of Directors' resolution on January 20, 2021, to increase Anoto's share capital by up to SEK 12,600,000.059198 through the issue of up to 21,000,000 new ordinary shares. The subscription price was decided at SEK 0.90. Through the issue, Anoto received approximately SEK 18.9 million before issue costs. The issue had a dilution effect of approximately 9.7 per cent of the share capital after dilution by increasing the number of outstanding shares from 194,658,150 to 215,658,150. The meeting also resolved to authorize the board of directors to resolve, on one or several occasions during the period until the next annual general meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to issue ordinary shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of 34,341,850 ordinary shares, corresponding to a dilution of approximately 13.7 per cent of the share capital and votes. The authorisation replaces the authorisation for the board of directors to resolve to issue ordinary shares, warrants and/or convertible bonds resolved by the annual general meeting on May 18, 2020.

3. On April 6, 2021, Anoto announced that its education subsidiary Knowledge AI Inc. ("Knowledge AI") has entered into a distribution agreement for its KAIT software platform with Emirates Artificial Intelligence Technologies LLC ("Emirates AI") in the United Arab Emirates. Emirates AI will be responsible for the distribution of KAIT software in the UAE, which consists of seven Emirates including the Emirate of Dubai and the Emirate of Abu Dhabi. Knowledge AI and Emirates AI has agreed to a minimum sales target of USD 6 million over the next two years.

4. On April 19, 2021, Anoto announced that the Board of Directors of Anoto had appointed Perry Ha, who previously has been the Chairman of the Board, to new CEO of the Group. The previous CEO Joonhee Won will instead be focusing on developing Anoto's subsidiary for AI based education solutions, Knowledge AI Inc. As Perry Ha is taking over as CEO, Jörgen Durban has, by the Board of Directors, been appointed as the new Chairman of the Board

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 2020 relate to the parent company and its subsidiaries, jointly referred to as the Group.

SIGNATURES FOR THE ANNUAL REPORT

The Annual Report and consolidated financial statements were approved by the Board on April 30, 2021. 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 June 2021 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 30, 2021

Perry (Young Soo) Ha
Chairman of the Board

Joonhee Won
CEO

Dennis Song
Board Member

Anders Sjögren
Board member

Jörgen Durban
Board Member

Our auditor´s report was submitted on April 30, 2021.

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 performed an audit of the annual accounts and consolidated accounts for Anoto Group AB for the year 2020, with the exception of the corporate governance report on pages 63–66.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and provides a true and fair view in all material respects of the parent company's financial position as of 31 December 2020 and of its financial results and cash flow for the year according to the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide a true and fair view of the Group's financial position as of 31 December 2020 and of its financial results and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our statements do not include the corporate governance report on pages 63–66. The administration report is consistent with the other parts of the annual report and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the income statement and balance sheet for the Parent Company and for the Group.

Our statements in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Parent Company's Board of Directors in accordance with Article 11 of the Auditors' Regulation (537/2014 / EU).

Basis for statements

We performed the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities in accordance with these standards are described in more detail in the section "Auditor's responsibilities". We are independent in relation to the Parent Company and the Group in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements. This includes that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of the Auditors' Regulation (537/2014 / EU) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Areas of particular importance

Without prejudice to our statements above, we would like to draw attention to Note 18 “Capitalized expenses for development work” and Note 22 “Goodwill” where it appears that the value of intangible assets depends on a number of significant assumptions, such as market growth and the company's growth rate. If these assumptions are not met, but there is a more negative development, then there is also a risk of further impairment of the Group's intangible assets and the parent company's book values of shares in subsidiaries and other financial fixed assets. In view of the fact that the Group and the Parent Company made write-downs on these assets during the financial year, an additional need for write-downs arises even with very small changes in the assumptions made.

Significant uncertainty factor regarding the assumption of going concern

We would like to draw attention to the section of the Board of Directors' report Liquidity risk, financing risk and continued operations, which state that there is a significant risk that the company will not be able to continue its operations if the company's increased sales strategies fail while the company, in whole or in part. capital. These conditions indicate that there is a significant uncertainty factor that can lead to significant doubts about the company's ability to continue its operations.

Particularly significant areas

Particularly significant areas for the audit are the areas that, in our professional judgment, were the most significant for the audit of the annual accounts and consolidated accounts for the period in question, and include, among other things, the most important assessed risks of material misstatement. These areas were treated within the framework of the audit of, and in our position on, the annual report and the consolidated accounts as a whole, but we do not make separate statements about these areas.

Assumption of continued operation

The company's liquidity needs and the assumption of continued operations on 31 December 2020 are based on future revenues that do not yet relate to existing orders, which requires significant assessments and estimates by the company's management and the board. If the assumption of continued operation for the preparation of the financial statements is not correct, this could have a significant impact on the preparation of the financial statements.

The management's and the board's assessment of the company's ability to continue operations and risks regarding liquidity and financing is set out in the administration report on pages 6–7.

Our review of management's assumption of continued operations included the following review measures:

- Analyzes and discussions with the company management of the cash flow, the result and other relevant conditions for the forecasts,
- Evaluation of the reliability of the data produced by the company receives the preparation of the cash flow forecast, and an assessment of whether there is sufficient support for the assumptions on which the forecast is based;
- Discussion with the company management about its knowledge of such events or conditions beyond the period that the company management has assessed that may lead to significant doubts about the company's ability to continue operations;
- Evaluation of the management's plans for future measures regarding its assessment of the ability to continue operations, whether the outcome of these plans is likely to improve the situation and whether the management's plans are feasible in the circumstances and
- Assessment of whether the financial report contains sufficient information about a significant uncertainty factor regarding events or conditions that may lead to significant doubts about the company's ability to continue operations and management's plans to deal with these events or conditions.

Recognition of income

The Group's sales mainly consist of product sales but also of sales of licenses and royalties in several geographical markets. Revenues from the sale of products, licenses and royalties are reported when there is an approved agreement with the customer, delivery has taken place and all significant risks and benefits have been transferred to the customer. Revenue is valued at the fair value of what has been received or will be received, taking into account discounts and expected returns at the time of sale.

Although there are similarities between the terms of sale for different sales channels, each agreement is unique.

We focused on this area due to the inherent complexity and significant assessments linked to when risks have been transferred to customers for various sales contracts.

Note 2 sets out the Group's principles for revenue recognition and Note 5 shows information on revenues separated between different product groups and geographical areas.

Our review included the following review measures:

- Review of the Group's principles for reporting income, including compliance with IFRS 15,
- Review through correlation analysis regarding the Group's revenue streams

Valuation of intangible assets

The Group has significant intangible assets related primarily to Goodwill but also capitalized expenses for development work. The company has performed impairment testing based on value in use for cash-generating units. The cash-generating units include acquisitions of goodwill and investments of expenses attributable to development projects run by the company.

We focused on the impairment tests above as the book values of intangible assets are significant and as the assessments when preparing the impairment tests are sensitive to changes in assumptions (primarily growth, gross profit, discount rate and perpetual growth rate).

Note 3 sets out principles for impairment tests and Note 22 sets out significant assumptions used by company management in preparing the impairment tests. Our review, which was conducted with the support of the valuation expert, included the following review measures:

- Review of the reasonableness of the forecasted cash flows, discount rates and models used.
- Assessment of whether sufficient information has been provided for such assumptions that may have a significant effect on the impairment tests in the event of changes and

- Assessment that sensitivity analyzes have been prepared by the company management to a sufficient extent and review of sensitivity analyzes primarily focused on changes in cash flows.

Information other than the annual report and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on pages 61–62 and 68-74. The Board of Directors and the CEO are responsible for this other information.

Our statement regarding the annual accounts and consolidated accounts does not include this information and we do not make a statement with confirmation regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially incompatible with the annual accounts and the consolidated accounts. In this review, we also take into account the knowledge we otherwise acquired during the audit and assess whether the information otherwise appears to contain significant inaccuracies.

If, based on the work that has been done regarding this information, we conclude that the other information contains a material error, we are obliged to report this. We have nothing to report in that regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the President are responsible for preparing the annual accounts and consolidated accounts and for providing a true and fair view in accordance with the Annual Accounts Act and, as regards the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the President are also responsible for the internal control that they deem necessary to prepare an annual report and consolidated accounts that do not contain any material errors, whether due to irregularities or errors.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the President are responsible for assessing the company's and the Group's ability to continue operations. They disclose, where applicable, conditions that may affect the ability to continue operations and to use the assumption of continued operation. However, the assumption of continued operation is not applied if the Board of Directors and the President intend to liquidate the company, cease operations or have no realistic alternative to doing any of these.

Auditor's responsibility

Our goals are to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts as a whole do not contain any material inaccuracies, whether due to irregularities or errors, and to submit an audit report containing our statements. Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material error if one exists. Errors may arise due to irregularities or errors and are considered significant if they individually or together can reasonably be expected to influence the financial decisions that users make on the basis of the annual accounts and the consolidated accounts.

As part of an audit according to ISA, we use professional judgment and have a professionally skeptical attitude throughout the audit. In addition:

- we identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to irregularities or errors, design and perform audit procedures based on these risks, among other things, and obtain audit evidence that is sufficient and appropriate to form the basis of our statements. The risk of not detecting a material error due to irregularities is higher than for a material error due to errors, as irregularities may include collusion, forgery, intentional omissions, incorrect information or breach of internal control.
- we gain an understanding of the part of the company's internal control that is important for our audit in order to design audit measures that are appropriate in the circumstances, but not to comment on the effectiveness of the internal control.
- we evaluate the appropriateness of the accounting principles used and the reasonableness of the Board's and the President's estimates in the accounts and related disclosures.
- we draw a conclusion about the appropriateness of the Board of Directors and the President using the assumption of continued operation in the preparation of the annual accounts and consolidated accounts. We also draw a conclusion, based on the audited evidence obtained, as to whether there is any significant uncertainty factor relating to such events or conditions that may lead to significant doubts about the company's and the group's ability to continue operations. If we conclude that there is a significant uncertainty factor, we must draw attention in the audit report to the information in the annual report and consolidated accounts about the significant uncertainty factor or, if such information is insufficient, modify the statement on the annual report and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may mean that a company and a group can no longer continue operations.

- we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the information, and whether the annual accounts and consolidated accounts reflect the underlying transactions and events in a way that gives a true and fair view.
- we obtain sufficient and appropriate audit evidence regarding the financial information in the units or business activities within the group to make a statement regarding the consolidated accounts. We are responsible for the management, supervision and execution of the group audit. We are solely responsible for our statements.

We must inform the board of, among other things, the planned scope and focus of the audit and the time for it. We must also inform about significant observations during the audit, including the significant shortcomings in internal control that we have identified.

We must also provide the Board with a statement that we have complied with relevant professional ethics requirements regarding independence, and address all relationships and other circumstances that may reasonably affect our independence, as well as, where applicable, associated countermeasures.

Of the areas that are communicated to the Board, we determine which of these areas have been the most significant for the audit of the annual accounts and the consolidated accounts, including the most important assessed risks of material misstatement, and which therefore constitute the areas that are particularly important for the audit. We describe these areas in the auditor's report unless laws or other regulations prevent information on the matter.

Report on other requirements according to laws and other statutes

In addition to our audit of the annual accounts and consolidated accounts, we also performed an audit of the Board of Directors' and the President's management for Anoto Group AB for the year 2020 and of the proposed appropriations regarding the company's profit or loss.

We recommend that the Annual General Meeting dispose of the profits in accordance with the proposal in the administration report and grant the members of the Board and the President discharge from liability for the financial year.

Basis for statements

We performed the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to this is described in more detail in the section "Auditor's responsibility". We are independent in relation to the Parent Company and the Group in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

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

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed dispositions regarding the company's profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company's and the group's operations, scope and risks place on the size of the company's and the group's equity, consolidation needs, liquidity and other positions.

The Board is responsible for the company's organization and management of the company's affairs. This includes, among other things, continuously assessing the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, asset management and the company's financial matters are otherwise controlled in a satisfactory manner. The CEO shall manage the day-to-day management in accordance with the Board's guidelines and instructions and, among other things, take the measures necessary for the company's accounting to be carried out in accordance with law and for the asset management to be managed in a secure manner.

Auditor's responsibility

Our goal regarding the audit of the administration, and thus our statement on discharge from liability, is to obtain audit evidence in order to be able to assess with a reasonable degree of certainty whether any board member or the CEO in any significant respect:

• has taken any action or committed any negligence that may give rise to liability for damages against the company, or

• acted in any other way in violation of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal regarding the revision of the proposal for dispositions of the company's profit or loss, and thus our statement on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

Reasonable security is a high degree of security, but no guarantee that an audit performed in accordance with good auditing practice in Sweden will always detect measures or omissions that may give rise to liability for damages against the company, or that a proposal for dispositions of the company's profit or loss is not compatible with the Swedish Companies Act.

As part of an audit in accordance with good auditing practice in Sweden, we use professional judgment and have a professionally skeptical attitude throughout the audit. The review of the management and the proposal for dispositions of the company's profit or loss is mainly based on the audit of the accounts. The additional audit measures that are performed are based on our professional assessment based on risk and materiality. This means that we focus the review on such measures, areas and conditions that are significant to the business and where deviations and violations would have special significance for the company's situation. We review and examine decisions made, the basis for decisions, measures taken and other circumstances that are relevant to our statement of discharge. As a basis for our statement on the Board's proposal for dispositions regarding the company's profit or loss, we have examined whether the proposal is compatible with the Swedish Companies Act.

Grant Thornton Sweden AB, was appointed Anoto Group AB's auditor by the Annual General Meeting on June 30, 2017 and has been the company's auditor since that day.

Malmö, April 30, 2021

Grant Thornton Sweden AB

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 2020	Group 2019
Gross profit	**38,155**	**60,616**
Selling expenses	-27,899	-40,663
Administrative expenses	-35,580	-27,475
Research & development expenses	-49,477	-33,581
Other operating income	0	0
Other operating cost	-28,630	-9,552
Operating profit/loss	**-103,431**	**-50,654**

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 2020	Group 2019
Operating profit/loss	-103,431	-50,654
Operating margin	**-146.60%**	**-45.24%**

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 2020	Group 2019
Cash flow	-18,247	14,917
Weighted average number of ordinary shares	167,753,928	128,648,079
SEK	**-0.11**	**0.14**

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 2020	Group 2019
Total assets	225,056	306,483
Equity attributable to the shareholders of Anoto Group AB	158,858	234,222
	70.59%	**76.42%**

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 2020	Group 2019
Operating profit/loss	-103,431	-50,654
Depreciation and amortisation	35,448	15,944
EBITDA	**-67,983**	**-34,710**

Shareholders' equity per share

Provides shareholders the ability to compare book value with market value. Shareholders' equity divided by the number of shares at the year end.

(KSEK)	2020	2019
Equity attributable to the shareholders of Anoto Group AB	158,858	234,222
Number of ordinary shares	185,658,150	150,262,277
SEK	**0.86**	**1.56**

Net debt

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

(KSEK)	Group 2020	Group 2019
Interest-bearing liabilities	5,318	8,182
Liquid assets	-2,128	-20,375
Net debt	**3,190**	**-12,193**

Capital employed

Illustrates total capital tied to operations. Total assets less non-interest bearing provisions and liabilities (including deferred tax liabilities), less short term interest bearing liabilities.

(KSEK)	Group 2020	Group 2019
Total assets	225,056	306,483
Non-interest bearing provisions	-1,151	-3,019
Non-interest bearing liabilities	-41,157	-51,193
Short term interest bearing liabilities	-5,318	-8,182
Capital employed	**177,429**	**244,089**

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 2020

The Annual General Meeting (AGM) in 2020 took place in Stockholm on May 18. Jörgen Durban and Joonhee Won was present from the Board of Directors.

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 Perry (Young Soo) Ha and Anders Sjögren were re-elected as Board Members until the end of the next Annual General Meeting. As new members of the Board of Directors, the AGM decided to elect Wonchan (Fernando Lee) and Young Hee (Dennis) Song.
- Perry (Young Soo) Ha was elected as the new chairman of the Board of Directors

Anoto's Annual General Meeting 2021

Anoto's Annual General Meeting 2021 will take place on June 18 in Stockholm. Invitation will be published in accordance with what is stipulated.

Extraordinary General Meetings

Extraordinary General Meetings were held on one occasion during 2020.

On January 13, 2020, an Extraordinary General Meeting was held in Stockholm. The meeting resolved to approve a proposed incentive scheme for employees and officers of, and consultants and advicors to, Anoto's subsidiary Knowledge AI Inc. as well as to authorize the Board of Directors to resolve, on one or several occasions during the period until the next AGM, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to issue ordinary shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of 20,000,000 ordinary shares, corresponding to a dilution of approximately 11.7% of the share capital and votes, based on the current number of shares in the Company.

On February 15, 2021, an Extraordinary General Meeting was held in Stockholm. The meeting resolved to elect Jörgen Durban as a new member of the board of directors until the next annual general meeting. The meeting also resolved, to approve the Board of Directors' resolution on January 20, 2021, to increase Anoto's share capital by up to SEK 12,600,000.059198 through the issue of up to 21,000,000 new ordinary shares. The subscription price was decided at SEK 0.90. Through the issue, Anoto received approximately SEK 18.9 million before issue costs. The issue had a dilution effect of approximately 9.7 per cent of the share capital after dilution by increasing the number of outstanding shares from 194,658,150 to 215,658,150. The meeting also resolved to authorize the board of directors to resolve, on one or several occasions during the period until the next annual general meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to issue ordinary shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of 34,341,850 ordinary shares, corresponding to a dilution of approximately 13.7 per cent of the share capital and votes. The authorisation replaces the authorisation for the board of directors to resolve to issue ordinary shares, warrants and/or convertible bonds resolved by the annual general meeting on May 18, 2020.

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, Perry (Young Soo) Ha, who was elected as the Chairman of the Board and Anders Sjögren were re-elected as members of the Board of Directors until the next Annual General Meeting. As new members of the Board of Directors, the AGM decided to elect Wonchan (Fernando Lee) and Young Hee (Dennis) Song.

On November 24, 2020, Wonchan Lee notified the Board of Anoto Group that he, due to personal reasons, was leaving his position as member of the Board of Directors of Anoto with immediate effect.

At an Extraordinary General Meeting, held on February 15, 2021, Jörgen Durban was elected as new member of the Board of Directors until the next Annual General Meeting.

On April 19, 2021, Perry Ha was appointed as new CEO of the Group and Jörgen Durban was, by the Board of Directors, Fappointed as Chairman of the Board of the Parent Company.

For information about the Board Members and their remuneration, please refer to [Note 9]. The members of the Board 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 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.

Work of the Board of Directors 2020
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 11 recorded meetings during 2020.

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

Board Member:	Number of board meetings:
Perry (Youg Soo) Ha	11 / 11
Anders Sjögren	8 / 11
Wonchan (WC) Lee*	2 / 3
Young Hee (Dennis) Song**	6 / 7
Jörgen Durban***	4 / 4
Henrik Hammarskiöld****	4 / 4
Joonhee Won*****	4 / 4
Steve Kim******	4 / 4

*	Board member from May 18, 2020 until November 24, 2020
**	Board member since May 18, 2020
***	Board member until May 18, 2020
****	Board member until May 18, 2020
*****	Board member until May 18, 2020
******	Board member until May 18, 2020

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.

CEO and Management

The Management Team consists of 2 people, 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

One shareholder had, on the 31st of December 2020, a direct or indirect ownership of more than one tenth of the votes for all shares – Soltworks Co. Ltd – 19%

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 can sufficiently carry out the internal control in cooperation with the external auditors.

Control environment

The corporate culture of Anoto encourages initiative 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 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 internal controls.

Internal controls also includes detailed annual budgets split by application areas, geographic areas and cost centers. Forecasts are delivered three times a year; in May, August and November. 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 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 2020 on pages 64-67 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 26, 2021

Grant Thornton Sweden AB

Mats Pålsson

Authorized Public Accountant

Jörgen Durban

Chairman of the Board

Born 1956
Board member since 2021
Other positions: Chairman of the Board of DDM Holding AG,
Chairman of the Board of Nordiska kreditmarknadsaktiebolaget (publ),
Shareholding: 1.5 million shares in Anoto Group AB
Education: LL.M, Stockholm University, Sweden

Perry (Young Soo) Ha

Independent Board Member and CEO

Born 1962
Board member since 2017
Other positions: Founder and Managing Director of Draper Athena
Shareholding: 641 thousand share options in Anoto Group AB
Education: MBA, Harvard Business School, USA

Anders Sjögren

Independent Board Member

Born 1974
Board member since 2019
Shareholding: 500 thousand share options in Anoto Group AB
Education: PhD in Physics, Lund University, Sweden

Dennis Song

Independent Board Member

Born 1968
Board member since 2020
Shareholding: -
Education: BS in Economics, University of Iowa

Senior Management

Perry Ha
Chief Executive Officer
Born 1962
Employed since 2021
Shareholding: 641 thousand share options in Anoto Group AB
Education: MBA, Harvard Graduate School, USA

Steve Kim
Chief Technology Officer
Born 1968
Board Member since 2019
Shareholding: 1,7 million share options in Anoto Group AB
Education: BA Control and Instrument Engineering, Seoul National University, Republic of 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 90,156,658 as per Dec 31, 2020 is allocated among 177,284,817 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 33.43 percent from SEK 1.37 to 0.91 during the year. During the same period, the NASDAQ OMX Stockholm PI increased by 12.86 percent. Anoto Group's market capitalization was MSEK 161 on December 31, 2020.

Shareholders

At the end of 2020, Anoto Group had 14,870 shareholders. Foreign shareholders controlled 44.5% and the ten largest shareholders controlled 51.9%.

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.

Per share data 2020

Number of shares 2020-12-31	177,284,837
Number of outstanding options 2020-12-31	20,525,613
Average number of shares	167,753,928
Earnings per share (SEK)	-0,72
Fully Diluted Earnings per share (SEK)	-0.61
Cash flow per share (SEK)	-0.11
Fully Diluted Cash flow per share (SEK)	-0.09
Shareholder´s equity per share (SEK)	0.86
Shareholder´s equity per share incl. options (SEK)	0.86

Largest shareholders on December 31, 2020

1	HONGKONG & SHANGHAI BANKING CORP, W8IMY		23%	40,818,930
2	UBS SWITZERLAND AG, W8IMY		5.20%	9,129,381
3	SIX SIS AG, W8IMY		5%	8,934,422
4	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION		3.30%	5,896,491
5	BDP PARTNERS AB		2%	3,546,738
6	BNY MELLON NA (FORMER MELLON),		1.80%	3,234,886
7	NORDNET PENSIONSFÖRSÄKRING AB		1.60%	2,746,632
8	SYDBANK A/S		1.10%	2,037,054
9	SEB Investment Management		0.80%	1,460,009
10	SWEDBANK FÖRSÄKRING		0.80%	1,437,902
		Total	**44.60%**	**79,242,445**

Shareholders by size on December 31, 2020

Shares held	Total number of shareholders	% total number of shareholders
1 – 500	8,378	56.3%
501 – 1,000	1,585	10.7%
1,001 – 5,000	2,722	18.3%
5,001 – 10,000	809	5.4%
10,001 – 15,000	316	2.1%
15,001 – 20,000	212	1.4%
20,001 -	848	5.7%
	14,870	**100.00%**

FIVE-YEAR SUMMARY

Summary of comprehensive income statements

(KSEK)	2016	2017	2018	2019	2020
Net sales	235,657	173,010	115,556	111,967	70,552
Other income	-	-	-	-	-
Gross profit	79,393	70,922	37,459	60,616	38,155
Amortisation and impairment of intangible fixed assets	- 66,018	- 11,492	- 84,210	- 13,379	- 32,490
Depreciation - property, plant and equipment	- 4,718	- 4,344	- 725	- 2,565	- 2,958
Operating profit/loss	- 260,353	- 36,578	- 132,160	- 50,654	- 103,431
Other financial items	- 7,317	- 19,623	13,137	18,081	- 24,910
Profit/loss after financial items	- 267,670	- 56,201	- 119,023	- 32,573	- 128,342
Tax	4,445	3,257	3,174	- 34	74
Profit/loss after tax	**- 263,225**	**- 52,944**	**- 115,850**	**- 32,607**	**- 128,268**

Summary of balance sheets

Assets	2016	2017	2018	2019	2020
Intangible fixed assets	236,810	255,282	200,867	219,138	173,188
Tangible fixed assets	8,414	3,404	3,233	7,067	9,529
Financial fixed assets	18,855	18,317	2,165	1,678	1,475
Total non-current assets	264,079	277,003	206,265	227,883	184,192
Inventory	49,478	51,766	24,561	22,690	14,703
Accounts receivable	34,825	27,747	39,004	20,989	7,146
Other current assets	35,356	11,429	9,055	14,546	16,886
Cash and cash equivalents	5,553	31,664	5,458	20,375	2,128
Total current assets	125,212	122,606	78,078	78,600	40,864
Total assets	**389,291**	**399,609**	**284,343**	**306,483**	**225,056**

Liabilities and shareholders' equity	2016	2017	2018	2019	2020
Shareholders´ equity	213,258	276,284	212,128	234,222	158,858
Minority interests	-1689	-583	-548	4,010	-3,098
Long-term liabilities					
Non-interest-bearing	7,031	3,289	4,072	2,376	21,670
Interest bearing	28,000	44,449	2,149	3,480	0
Current liabilities					
Non-interest-bearing	113,673	64,862	60,857	54,213	42,308
Interest-bearing	29,018	11,309	5,685	8,182	5,318
Total liabilities	142,691	123,908	72,763	68,251	69,296
Total liabilities and shareholders´ equity	**389,291**	**399,609**	**284,343**	**306,483**	**225,056**

Summary of cash flow statements

(KSEK)	2016	2017	2018	2019	2020
Profit/loss after financial items	- 267,670	- 56,201	-119 023	- 32,607	-128,268
Items that do not affect liquidity	57,870	30,030	70 136	666	38,106
Change in working capital	45,988	- 19,024	22 327	21,038	7,585
Cash flow from operating activities	- 163,812	- 45,194	-26 559	- 10,902	-61,604
Cash flow from investment activities	- 48,459	- 38,427	-21 671	- 30,347	-7,271
Total cash flow before financing activities	- 212,271	- 83,621	-48 231	- 41,250	-68,875
Cash flow from financing activities	206,195	109,732	22 025	56,167	50,628
Cash flow for the year	**- 6,076**	**26,111**	**- 26,206**	**14,917**	**-18,247**

Key ratios

	2016	2017	2018	2019	2020
Sales growth, %	22	-27	-33	-3	-37
Gross margin, %	34	41	32	54	54
Capital employed (KSEK)	239,657	320,149	217,801	244,089	177,429
Equity/assets ratio, %	54	69	75	76	71
Net debt (KSEK)	51,465	20,365	227	-12,193	3,190
Earnings per share (SEK)	-0.15	-0.49	-1.16	-0.23	-0.72
Earnings per share after dilution (SEK)	-0.15	-0.46	-0.91	-0.18	-0.61
Cash flow per share for the year (SEK)	0.00	0.29	-0.23	0.12	-0.11
Cash flow per share after dilution (SEK)	0.00	0.28	-0.18	0.09	-0.09
Shareholder´s equity per share (SEK)	0.09	2.71	1.76	1.56	0.86
Shareholder's equity per share after dilution (SEK)	0.09	2.71	1.76	1.56	0.86
Average no. of employees	156	61	34	46	38
Sales per employee (KSEK)	1,510	2,836	3,399	2,434	1,857
Payroll expenses incl. social security contribution (KSEK)	140,859	35,561	24,970	32,106	33,472
(of which pension premiums were)	5,617	2,184	626	359	182

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.

Annual General Meeting

Anoto's Annual General Meeting will be held on June 18, 2021. Invitation will be published in accordance with what is stipulated.

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 2021 financial year:

- Q1 Report – May 28, 2021
- Q2 Report – August 31, 2021
- Q3 Report – November 29, 2021
- Year-End Report – February 28, 2022