Anoto

Digital Time Data Solutions

2021 Annual Report

CONTENTS

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, 2021 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, Anoto Canada Inc, 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 the global leader in digital writing and drawing solutions. Anoto streamlined its business lines into four main businesses: Enterprise Forms, Retail pen business, OEM and Education platform software businesses.

Anoto’s strategy over the last few years was

1) to increase its software businesses (thereby reducing dependency on hardware),

2) bring down the manufacturing costs while increasing capacity, and

3) create an efficient logistics system in order to reduce shipping time and costs.

With the shift of main manufacturing to Mexico which not only reduced labour costs, but also substantially shortened delivery time from four months to 3~5 days as we ship by truck to our warehouse in California from Mexico. As our finished goods do not have wait time at the LA port, there is substantial time and cost savings. For example, to ship one palette (500 pens), it costs $300 to ship it by truck as opposed to $1200 ocean freight.

The biggest obstacle for 2021 was that we had to secure a stable supply of components in light of the global component price hike and ensuing component shortages. Although we experienced inventory shortages and manufacturing disruptions during Q2 and Q3 of 2021, we were able to secure stable supply of all critical components by Q4, thereby reducing business risks associated with component shortages.

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 Enterprise Division which consists mainly of dot pattern licensing and software usage fee. In 2021, Enterprise division’s software and other revenue accounted for 42% of total revenue for the division. Livescribe retail business and OEM business is mainly hardware revenue.

Anoto’s AI-based education software company, Knowledge AI Inc. continues additional development of an education solution called KAIT. During 2021, 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 2021, 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.

Needless to say, FY2021 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 2022. We launched Echo II in February 2022.

During 2021, Anoto carried out two directed rights issue in a total of 38,373,333 ordinary shares, amounting to MSEK 34.5 - approximately USD 3.5 million. These funds were used to secure components, continue development of KAIT solutions, and to stabilize Mexican production. 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.

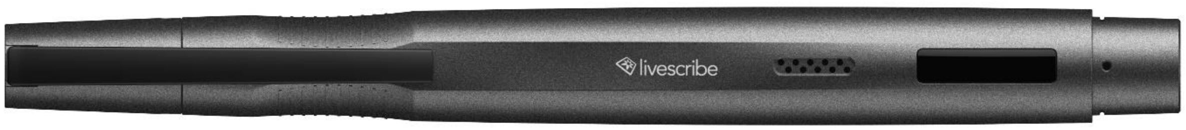
The transition to a software business model by the introduction of a license fee based on dot pattern page usage is now fully implemented throughout our existing customer base. Within the Enterprise division, software and other revenue comprise 42%, resulting in a very high gross margin. Such transition 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.

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 (Design For Manuafacturing) without sacrificing 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.

During the first quarter of 2021, we moved our production facility to Mexico to enable scale production. 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 2021, shipping continued to be 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 three to five days instead of 8 weeks.

OEM Business

OEM business was the most stable of the business divisions of Anoto, revenue increased 29% to MSEK 30 (24). Our OEM demand remained stable, even improving somewhat during the pandemic environment.

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.

The most notable development in 2021 was that we pioneered the Understanding Index which provides much more accurate data point for our AI recommendations. We built a self learning platform using our Understanding Index and Concept based AI recommendation engine which becomes a foundation for new B2C platform to be used in conjunction with B2B or B2School KAIT platform.

We are resuming sales efforts as schools around the world are beginning to reopen in Q1/Q2 2022.

SHARES AND SHAREHOLDERS

At the end of 2021, there were 215,658,150 issued ordinary shares in Anoto. According to Euroclear Sweden AB's statistics, there were 13,781 shareholders on December 31, 2021, representing a decrease of 8.6 percent over the past 12 months. The largest shareholder as at December 31, 2021 was Soltworks Co. Ltd., owning 16.4 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 38 in 2020 to 33 in 2021. The Group had 32 employees (29) at the year-end.

COMMENTS ON THE STATEMENT OF COMPREHENSIVE INCOME

Net sales in 2021 amounted to MSEK 72 (71) and operating loss in the period was MSEK 57 (103).

The decrease in net sales is mainly due to 1) interruptions in manufacturing due to component shortages, 2) the depressed demand from the COVID pandemic and subsequent delays in logistics. Because of the shortage of components, we had to prioritize supply to OEM (29% up from 2020), Enterprise Forms: 26% up from 2020, but had to delay new pen launches which caused LS revenue to decline by 35% from 2020.

Gross margin in the period amounted to 54% (54%).

Overhead costs in the period were MSEK 90 (92), excluding impairment loss of MSEK 0 (21). 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 -43 (-68).
The net loss after tax for the year was MSEK 40 (128).

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

The total assets increased by MSEK 14 to MSEK 239. Liabilities have increased by MSEK 37 to MSEK 106.

Group Equity at the end of the year amounted to MSEK 133, compared to MSEK 156 in the previous year. The cash flow from operating activities was MSEK -39 (-62). Cash flow from investment activities during the year was MSEK -7 (-7). The cash flow from financing activities was 48 (51), including net proceeds from share issues of MSEK 27 (38). The cash flow for the year was MSEK 2 (-18). Closing cash at end of year was MSEK 4 (2).

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 2021, Anoto's R&D efforts during the year were MSEK 49 (49), equivalent to 51 percent (35) of the total operating expenses. Pursuant to its compliance with IAS 38, the Group capitalized MSEK 6 during 2021. Including capitalization, the Group´s R&D expenses totalled MSEK 55 for the year.

Anoto has an extensive patent portfolio. At the end of 2021, the Group had 7 active patent application and owned 104 registered patents.

DISPUTES

We have 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 litigation will affect our obligation to pay for services delivered by Green Mango Corp. We assess the risk that we will lose the case in its entirety as low and have provisioned 150K USD (50% of total amount challenged), plus 50K USD of potential legal costs.

We also have an ongoing dispute with Grant Thornton relating to non-payment for auditing services and accounting advice. The invoices have been challenged due to, amongst other things, lack of working reports and professionalism in services provided in conjunction with carrying out services without an assignment. The case is currently at Stockholm District Court. The outcome of the litigation will affect our obligation to pay for services delivered by Grant Thornton. We have retained the full value of the challenged invoices, amounting to approximately 4MSEK as account payable in our balance sheet. However, we assess that the risk that we will lose the case in its entirety as low.

We have an ongoing dispute with Marveldex Inc. regarding defective deliverables for the manufacture of force sensors. Anoto has brought the dispute before the Suwon District Court in South Korea. Anoto has already paid for manufactured and delivered force sensors in the amount of 600 million Korean won (equivalent to approximately 4.5 million SEK) We brought claims to Marveldex to compensate Anoto for full value. We assess that the risk of losing the litigation regarding our payment obligation for delivered force sensors as low as Anoto already made full payment for the value of the disputed sensors except an invoice of 16,500,000 Korean won (equivalent to approximately 125,000 SEK) which is booked as accounts payable in the subsidiary Anoto Korea's balance sheet.

SUSTAINABILITY INFORMATION

Anoto does not pursue any activities that require environmental permits., However, Anoto received the following certification for all of its pens:

- US : FCC (Radio Frequency certification)
- Canada : IC (Radio Frequency certification)
- EU : CE (Radio Frequency certification), RoHS and WEEE
  - WEEE - Waste Electrical and Electronic Equipment
  - RoHS - Restriction of Hazardous Substances

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 2021 was an extraordinary year due to the continued influence of the coronavirus. COVID 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. With the wide spread COVID variants such as OMICRON continued to impact people's lives and delayed normalization. In addition, shortage of semiconductors and price hike in electronic components were even bigger risk for our businesses.

For two years in a row, 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 2022. And finally, additional financing was successfully completed. SEK 15.7 million was raised in December 2020, 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.

The business outlook is strong and financing for growth in KAIT is within reach. We feel the year 2022 will be a strong recovery year. 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 2021 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 2022.

OUTLOOK FOR THE FUTURE

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

Our efforts to reduce hardware costs hit an obstacle in 2021 due to the rise of electronic component costs. Our Bill of Materials (BOM) cost increased more than 15% in 2021. Even bigger problem was the delay in lead time for component procurement. As a result, we tried to secure a stable supply of components and secured most critical components by Q4 of 2021. Hence, we started to manufacture Echo II in February 2022.

With the exception of KAIT, existing businesses of Anoto are expected to be profitable in 2022. 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 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 2022, 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. We added distribution giants to our distributorship such as Walmart, Staples, Best Buy America and working on another large distributor as of March 2022.

The OEM and Enterprise Forms business' key focus is to diversify revenue sources. We are currently in discussion with a large customer for an OEM pen.

Proposed Appropriation of Accumulated Result

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Proposed appropriation of accumulated result in the parent company (SEK):	**SEK**
Share premium reserve	726,117,548
Profit/loss brought forward	-544,627,515
Loss for the year	13,877,969
Total	**195,368,001**

The Board of Directors propose that the reserves of SEK 195,368,001 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 2021	Group 2020
Net sales	5	71,730	70,552
Cost of goods and services sold	11	-33,149	-32,397
Gross profit/loss		**38,581**	**38,155**
Selling expenses	8,11,14,31,34	-25,228	-27,899
Administrative expenses	8,9,10,11,14,31,34	-15,189	-35,580
Research & development costs	8,11,14,34	-49,290	-49,477
Other operating income	12	99	0
Other operating costs	13	-6,116	-28,630
Operating earnings		**-57,143**	**-103,431**
Financial income	16	18,764	0
Financial cost	16	-2,126	-24,910
Earnings before taxes		**-40,506**	**-128,342**
Income taxes	17	283	74
Net earnings for the year		**-40,223**	**-128,268**
Total earnings for the year attributable to:			
Shareholders of Anoto Group AB		-33,557	-121,158
Non-controlling interest		-6,667	-7,109
Total profit/loss for the year		**-40,223**	**-128,268**
Other comprehensive income			
Items that may be reclassified to profit/loss for the year:			
Translation differences for the year		-9,599	8,367
Gain or losses at valuation to fair value of investment		-2,003	-250
Other comprehensive income for the year		**-11,603**	**8,117**
Total comprehensive income for the year		**-51,826**	**-120,151**
Total comprehensive income for the year attributable to:			
Shareholders of Anoto Group AB		-43,156	-113,043
Non-controlling interest		-8,670	-7,108
Total comprehensive income for the year		**-51,826**	**-120,151**
Earnings per share (SEK)		-0.25	-0.72
Diluted earnings per share (SEK)		-0.25	-0.72
Weighted average number of ordinary shares		211,244,452	167,753,928
Diluted weighted average number of ordinary shares		237,586,804	196,236,848

Anoto

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Note	Group 2021	Group 2020
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	18	50,581	54,613
Patents	19	3,279	2,474
Goodwill	22	116,792	108,937
Brands	20	255	309
Other intangible assets	21	4,857	6,854
Total intangible fixed assets		**175,764**	**173,188**
Property, plant and equipment			
Equipment and tools	23	4,408	9,529
Total property, plant and equipment		**4,408**	**9,529**
Financial fixed assets			
Other long-term securities	25	0	10
Other long-term receivables	26,40	3,648	1,465
Total financial fixed assets		**3,648**	**1,475**
Total non-current assets		**183,820**	**184,192**
Current assets			
Inventories			
Finished goods and goods for sale	27	27,231	14,703
Current receivables			
Accounts receivable	28	6,540	7,146
Other receivables		11,153	11,680
Prepaid expenses and accrued income	29	6,446	5,206
Total current receivables		**24,140**	**24,033**
Cash and cash equivalents		**3,885**	**2,128**
Total current assets		**55,255**	**40,864**
TOTAL ASSETS		**239,074**	**225,056**

(KSEK)	Note	Group 2021	Group 2020
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Share capital	38	129,395	106,370
Ongoing share issue	38	0	5,025
Additional paid in capital	38	1,328,358	1,317,544
Translation reserves	38	-14,325	-4,726
Earnings brought forward		-1,298,915	-1,265,356
Equity attributable to the shareholders of Anoto Group AB		**144,515**	**158,858**
Non-controlling interest		-11,768	-3,098
Total Equity		**132,748**	**155,760**
Non-current liabilities			
Other non-current liabilities	35	0	21,670
Total non-current liabilities/provisions		**0**	**21,670**
Current liabilities			
Provisions for product warranties	30	3,656	1151
Short-term interest-bearing liabilities	33	41,644	5,318
Accounts payable		38,443	28,648
Advance payments from customers		2,572	2,492
Other liabilities		5,073	3,086
Accrued expenses and deferred income	31	14,938	6,931
Total current liabilities		**106,327**	**47,626**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**239,074**	**225,056**

CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Note	Group 2021	Group 2020
OPERATING ACTIVITIES			
Profit and loss for the year		-40,223	-128,268
Items not affecting cash flow:			
Depreciation, amortization and impairment of assets	14,18-23	13,921	38,106
Other items	39	-19,837	20,973
Cash flow from operating activities before change in working capital		**-46,140**	**-69,189**
Cash flow from change in working capital			
Change in operating receivables		606	11,502
Change in inventories		-12,528	7,987
Change in operating assets		-3,337	-2,341
Change in operating liabilities		22,375	-9,563
Interest paid		0	0
Taxes paid		0	0
Total change in working capital		**7,117**	**7,585**
Cash flow from operating activities		**-39,022**	**-61,604**
Cash flow from investment activities			
Capitalized development expenditures	18	-5,702	-554
Patents	19	-1,045	-645
Other		-141	-856
Equipment and tools	23	-563	-5,419
Repaid financial assets	26	441	203
Cash flow from net investment activities		**-7,009**	**-7,271**
Total cash flow before financing activities		**-46,032**	**-68,875**
Financing activities			
New share issue		27,000	37,678
New borrowings	35	25,300	21,793
Repaid financial liabilities	35	-4,764	-8,843
Cash flow from financing activities		**47,535**	**50,628**
Cash flow for the year		**1,504**	**-18,247**
Cash and cash equivalents at the beginning of the year		2,128	20,375
Effect of exchange rate change on cash		253	
Cash and cash equivalents at the end of the year	39	**3,885**	**2,128**

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 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[1)]	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**
Shareholders´ equity 01 January 2021	**106,370**	**5,025**	**1,317,544**	**-4,725**	**-1,265,356**	**158,858**	**-3,098**	**155,760**
Profit/loss for the year	-	-	-	-	-33,557	-33,557	-6,667	-40,223
Other comprehensive income	-	-	-	-9,599	-	-9,599	-2,003	-11,603
Total comprehensive income/cost for the year	**-**	**-**	**-**	**-9,599**	**-33,557**	**-43,156**	**-8,670**	**-51,826**
New share issue	23,025	- 5,025	12,490	-	-	30,490	-	30,490
Issue cost	-	-	-1,676	-	-	-1,676	-	-1,676
Shareholders´ equity 31 December 2021	**129,395**	**-**	**1,328,358**	**-14,325**	**-1,298,914**	**144,515**	**-11,768**	**132,748**

Reported net after issuance costs and tax

INCOME STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2021	Parent Company 2020
Net sales		11,198	8,749
Gross profit/loss		**11,198**	**8,749**
Administrative expenses	8,9,10,11,14,32	-14,003	-8,980
Operating profit/loss		**-2,805**	**-231**
Results from financial items			
Profit/loss on shares in group companies	15	-1,374	-138,078
Interest and similar income	16	19,348	30,114
Interest and similar expenses	16	-1,578	-125,086
Profit/loss before taxes		**13,592**	**-233,281**
Taxes	17	286	-
Profit/loss for the year		**13,878**	**-233,281**

BALANCE SHEET – PARENT COMPANY

(KSEK)	Note	Parent Company 2021	Parent Company 2020
ASSETS			
Non-current assets			
Intangible fixed assets			
Brands	20	0	4
Capitalized development expenditures	21	849	1,189
License	21	4,687	5,983
Total intangible fixed assets		**5,536**	**7,176**
Financial fixed assets			
Other long-term receivables		87	87
Other long-term securities	25	0	10
Shares in group companies	24	9,156	8,320
Receivables - group companies		467,816	56,486
Total financial fixed assets		477,059	64,902
Total non-current assets		**482,595**	**72,078**
Current assets			
Receivables - group companies		3,481	352,998
Other receivables		9	506
Prepaid expenses and accrued income	29	2,540	2,197
Total current receivables		**6,030**	**355,702**
Cash and bank balances		**219**	**26**
Total current assets		**6,249**	**355,728**
TOTAL ASSETS		**488,844**	**427,807**

(KSEK)	Note	Parent Company 2021	Parent Company 2020
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Restricted equity			
Share capital	38	129,395	106,370
Ongoing share issue	38	0	5,025
Statutory reserve		123,031	123,031
Total restricted equity		**252,426**	**234,426**
Non restricted equity			
Share premium reserve		726,118	715,304
Earnings brought forward		-530,749	-544,717
Total non-restricted equity		**195,368**	**170,586**
Total equity		**447,794**	**405,012**
Non-current liabilities			
Other long-term to group companies		2,653	2,353
Other long-term liabilities		0	3,101
Total Non-current liabilities		**2,653**	**5,454**
Current liabilities			
Accounts payable		6,516	2,384
Liabilities to group companies		3,481	11,581
Other liabilities		24,435	2,196
Accrued expenses and prepaid income	31	3,965	1,179
Total current liabilities		**38,397**	**17,340**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**488,844**	**427,806**

CASH FLOW STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2021	Parent Company 2020
OPERATING ACTIVITIES			
Profit and loss for the year		13,878	-233,281
Items not affecting cash flow:			
Depreciation and amortization of assets	14, 18-23	1,640	345
Impairment of shares in group companies	15	1,364	244,428
Other items	39	1,914	0
Cash flow from operating activities before change in working capital		**18,796**	**11,492**
Cash flow from change in working capital			
Change in operating receivables		-25,495	-49,541
Change in operating liabilities		10,262	-3,122
Total change in working capital		**-15,234**	**-52,663**
Cash flow from operating activities		**3,562**	**-41,171**
Investment activities			
Contribution in Capital in Group Companies		-2,200	0
Financial assets		0	250
Cash flow from investment activities		**-2,200**	**250**
Total cash flow before financing activities		**1,362**	**-40,921**
Financing activities			
New share issues		27,000	37,861
New borrowings		19,275	3,078
Long term receivable group companies		-47,444	-
Cash flow from financing activities		**-1,170**	**40,939**
Cash flow for the year		**192**	**18**
Cash and cash equivalents at beginning of the year		26	8
Cash and cash equivalents at end of the year	39	**219**	**26**

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 2020	**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**
Total profit/loss for the year	-	-	-	-	13,878	**13,878**
Prior period adjustment	-	-	-	-	90	**90**
Total comprehensive income/cost for the year	-	-	-	**-**	**13,968**	**13,968**
New share issue	23,025	-5,025	-	10,814	-	**28,814**
Shareholders´ equity 31 December 2021	**129,395**	**-**	**123,031**	**726,118**	**-530,750**	**447,794**

Reported net after issuance costs and tax

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, Livescribe, 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, 2022. 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 30, 2022.

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
-	Licenses	20 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 32 “Share based payments to employees” and Note 37 "Related party transactions". There were no other transactions with related parties.

Segment reporting

The group has four operating segments: Livescribe, Enterprise, OEM, and KAIT. 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 four 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 2021, 35,846 KSEK or 50% (34,605 KSEK) of the Group's revenues depended on two customers in the OEM and Livescribe 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 2021	Group 2020
Revenues		
Total Reportable Segment reporting	94,436	86,060
Elimination of intersegment revenues	-22,705	-15,508
Group Revenues	**71,730**	**70,552**
Profit and Losses		
Total Reportable Segment reporting	-154,417	-229,274
Other expenses not allocated	2,838	39,782
Elimination of intersegment Profit	22,705	15,508
Group Operating Profit	**-57,143**	**-103,431**
Financial costs	-2,126	-24,910
Finance income	18,764	0
Group Profit before taxes	**-40,506**	**-128,342**

(KSEK)	Group 2021	Group 2020
Assets		
Total Reportable Segment Assets	125,183	119,778
Other Assets	113,892	105,277
Group Assets	**239,075**	**225,056**

(KSEK)	Group 2021	Group 2020
Liabilities		
Total Reportable Segment Liabilities	96,141	64,824
Other Liabilities	10,187	4,472
Group Liabilities	**106,328**	**69,296**

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

(KSEK)	Group 2021	Group 2020
Revenues		
Enterprise Forms	21,820	17,348
Livescribe	18,906	29,025
OEM	30,468	23,535
KAIT	537	644
Group Revenues	**71,730**	**70,552**

(KSEK)	For the year ended 31 December 2021 Enterprise Forms	Livescribe	OEM	KAIT	Other	Total
Revenue						
From external customers	21,820	18,906	30,468	537	-	71,730
From other segments	2,504	952	19,249	-	-	22,705
Segment Revenue	24,324	19,858	49,717	537	-	94,436
Costs of Goods Sold	4,062	9,610	21,919	732	-	36,323
Other Operating Expenses	-2,831	19,370	29,054	29,686	20,446	95,724
Segment Operating Profit	23,093	-9,122	-1,255	-29,882	-20,446	-37,612
Segment Assets	38,521	23,613	59,651	3,399	113,892	239,075
Segment Liabilities	28,221	12,259	38,631	17,030	10,187	106,328

(KSEK)	For the year ended 31 December 2020 Enterprise Forms	Livescribe	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	-10,753	-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

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.

Receivables from subsidiaries

Receivables from subsidiaries are initially as well as subsequently recorded at costs, retranslated at the exchange rate on the balance sheet date, and unrealized exchange gains and losses are included in profit or loss. Receivables are assessed annually for impairment by calculating the recoverable amount of the corresponding subsidiary. The recoverable amount is defined as the subsidiary's net realizable value or value in use, whichever is higher. Impairment loss is recognized if the net value of the subsidiary exceeds the recoverable amount. The impairment loss of receivables from subsidiaries is recorded directly in profit and loss.

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 117 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.

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 2021 to MSEK 4 (2).

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):

2021:

	0-3 months	4-6 months	7-12 months	1-5 years
Borrowings	6,849	35,145	1,629	0
Long terms Liabilities	0	0	0	0
Lease Liabilities	187	87	174	0
Accounts payable	38,443	0	0	0
Other current liabilities	26,240	0	0	0

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

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 expenses in local subsidiaries.

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 and CAD arises due to local costs by Anoto Singapore and Knowledge AI PTE, and Anoto Canada respectively.

Sensitivity analysis exposure

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

USD	(+/-) 3.1 MSEK
EUR	(+/-) 0.2 MSEK
GBP	(+/-) 0.3 MSEK
KRW	(+/-) 1.1 MSEK
SGD	(+/-) 0.1 MSEK
CAD	(+/-) 0.0 MSEK

Translation exposure

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

USD	(+/-) 7.0 MSEK
EUR	(+/-) 0.0 MSEK
GBP	(+/-) 4.2 MSEK
KRW	(+/-) 4.3 MSEK
SGD	(+/-) 0.2 MSEK
CAD	(+/-) 0.0 MSEK

Interest risk

Interest rates are currently low and not expected to increase in the near future. The Group's interest-bearing loans and borrowings 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 fair value. At December 31, 2021, no allowance for impairment was considered necessary. There is a risk that the market value of these investments may fall. Management monitors the market price of these investments and assesses the need for any impairment provision.

Credit risk

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

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 2021, as well as the corresponding historical credit . As of 31 December 2021, the Group had a significant amount of accumulated bad debt allowance corresponding to our assessment of expected credit loss. This amount is aggregated from prior years and is not indicative of collections in the current year.   There are plans in place to write off credit losses against bad debt allowance in the coming year, with no effect to our net receivables. 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.   As of 31 December 2021, the Group had a significant amount of accumulated bad debt allowance corresponding to our assessment of expected credit loss. This amount is aggregated from prior years and is not indicative of collections in the current year.   There are plans in place to write off credit losses against bad debt allowance in the coming year, with no effect to our net receivables. 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	Livecribe	OEM	KAIT	Total
Sweden	152	111	-	-	262
EMEA	16,910	2,938	-	13	19,861
Americas	4,567	15,857	-	266	20,690
APAC	192	-	30,468	257	30,917
31 December 2021 Total	**21,820**	**18,906**	**30,468**	**537**	**71,730**

(KSEK)	Enterprise Forms	Livescribe	OEM	KAIT	Total
Sweden	154	1,080	-	-	1,234
EMEA	9,296	5,090	-	-	14,386
Americas	7,217	22,855	-	178	30,250
APAC	681	-	23,535	466	24,681
31 December 2020 Total	**17,348**	**29,025**	**23,535**	**644**	**70,552**

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.

Group assets per market

(KSEK)	Intangible assets		Tangible assets	
	2021	2020	2021	2020
Sweden	136,850	133,474	-	-
US	5,629	5,846	1,227	818
UK	9,058	9,104	292	403
Korea	24,228	24,765	2,836	3,840
Singapore	-	-	37	60
Canada	-	-	13	-
Portugal	-	-	3	4,408
Total	**175,764**	**173,188**	**4,408**	**9,529**

NOTE 6 – Average number of employees

	2021 No. of Ee's	2021 Of which are Men	2020 No. of Ee's	2020 Of which are Men
Group companies:				
Sweden	1	1	0	0
US	6	3	3	3
Korea	21	14	28	20
UK	1	1	3	3
Singapore	2	1	1	0
Portugal	1	0	3	0
Canada	1	0	0	0
Total	**33**	**20**	**38**	**26**

The parent company has no employees

NOTE 7 – Board of Directors and management split by gender

	2021 No. of Ee's	2021 Of which are Men	2020 No. of Ee's	2020 Of which are Men
Board of Directors Parent company	3	3	4	4
Board of Directors Group companies	6	6	4	4
Total Board	**9**	**9**	**8**	**8**
Management Group companies	2	2	2	2
Total Management	**2**	**2**	**2**	**2**

NOTE 8 – Salaries and remuneration

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Salaries				
Board of Directors and CEO	7,885	5,912	1,335	1,164
Other senior executives	1,499	1,494	-	-
Other employees Sweden	773	147	-	-
Other employees US	9,973	15,258	-	-
Other employees UK	771	3,612	-	-
Other employees Korea	626	1,451	-	-
Other employees Portugal	396	1,065	-	-
Other employees Singapore	323	236	-	-
Other emmployees Canada	358	-	-	-
Total salaries	**22,604**	**29,176**	**1,335**	**1,164**
Payroll overhead				
Board of Directors and CEO	2,901	362	2,822	279
Other senior executives	489	140	348	-
Other employees Sweden	47	-	57	-
Other employees US	962	2,579	-	-
Other employees UK	59	365	-	-
Other employees Korea	1,386	1,470	142	-
Other employees Portugal	123	283	-	-
Other employees Singapore	61	79	-	-
Other emmployees Canada	149	-	121	-
Total payroll overhead	**6,176**	**5,278**	**3,490**	**279**
Pension expenses				
Other employees US	-	1	-	-
Other employees UK	42	42	-	-
Other employees Korea	282	139	-	-
Total pension expenses	**325**	**182**	**-**	**-**
Total salaries and remunerations	**29,105**	**34,636**	**4,825**	**1,443**

Whereof:				
Sweden	4,976	6,420	4,825	1,443
US	13,004	17,838	-	-
UK	872	4,019	-	-
Korea	4,282	4,694	-	-
Portugal	520	1,348	-	-
Singapore	4,945	316	-	-
Canada	507	-	-	-
Total	**29,105**	**34,636**	**4,825**	**1,443**

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

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Selling expenses	8,185	11,175	-	-
R&D expenses	4,928	14,430	-	-
Administrative expenses	15,992	9,031	4,825	1,443
Total	**29,105**	**34,636**	**4,825**	**1,443**

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

Board and CEO 2021	(KSEK)	Salary/ Remuneration Remuneration	Bonus	Pension	Other Remuneration	Total
Joonhee Won	CEO	4,483	-	-	2,439	6,921
Perry Ha	Ex-CEO	2,068	-	-	83	2,152
Jorgen Durban	Chairman of the Board	600	-	-	209	809
Anders Sjogren	Board Member	300	-	-	91	391
Dennis Song	Board Member	300	-	-	-	300
Total[1)]		**7,751**	**-**	**-**	**2,822**	**10,573**

Board and CEO 2020	(KSEK)	Salary/ 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	-	-	-	-	-
Total [1)]		**5,947**	**-**	**-**	**-**	**5,947**

Management 2021 (KSEK)	Salary / Remuneration	Bonus	Pension	Other Remuneration	Total
Group management [2)]	1,499	-	-	348	1,846
Total	**1,499**	**-**	**-**	**348**	**1,846**

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

[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 2021)

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 2021**	**Group 2020**	**Parent company 2021**	**Parent company 2020**
Grant Thornton				
Audit assignment, Grant Thornton	1,461	2,539	1,461	2,539
Audit activities other than audit assignment	477	1,112	477	1,112
Tax advisory services	-	235	-	-
Other services	-	35	-	35
Total	**1,937**	**3,920**	**1,937**	**3,686**
BDO				
Audit assignment, BDO	1,971	-	1,971	-
Total	**1,971**	**-**	**1,971**	**-**
Other auditors				
Audit assignment, other auditors	82	110	-	-
Tax advisory services	767	451	85	84
Total	**849**	**561**	**85**	**84**
Total	**4,757**	**4,481**	**3,994**	**3,770**

NOTE 11 – Operating costs by type

(KSEK)	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Cost of goods sold		-33,149	-32,397	-	-
Personnel cost	8	-29,105	-33,472	-3,490	-1,443
External services		-26,901	-25,529	-6,872	-5,524
Rent		-637	-1,624	-254	-307
Travel expenses		-2,448	-2,571	-1,045	-662
Marketing and PR		-2,100	-5,085	-	-
Depreciation and amortisation	14	-13,921	-14,914	-1,640	-345
Impairment	14	-	-20,534	-	-
Other expenses		-14,595	-9,228	-701	-698
Total		**-122,857**	**-145,354**	**-14,003**	**-8,980**

NOTE 12 – Other operating income

(KSEK)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Exchange gains	73	-	-	-
Other operating income	25	-	-	-
Total	**99**	**-**	**-**	**-**

NOTE 13 – Other operating costs

(KSEK)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Other operating expenses[1)]	-5,676	-28,630	-	-
Loss on Sales of Fixed Assets	-440	-	-	-
Exchange losses	-	-	-	-
Total	**-6,116**	**-28,630**	**-**	**-**

1)Includes other expensed research and development costs and other minor operating expenses that did not fall into other categories

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 2021	Group 2020	Parent company 2021	Parent company 2020
Amortization intangible fixed assets				
Administrative expenses	-11,677	-11,956	-1,640	-345
Total amortization intangible fixed assets	**-11,677**	**-11,956**	**-1,640**	**-345**
Depreciation tangible fixed assets				
Administrative expenses	-2,243	-2,958	-	-
Total depreciation tangible fixed assets	**-2,243**	**-2,958**	**-**	**-**
Impairment intangible fixed assets				
Administrative expenses	-	-20,534	-	-
Total impairment intangible fixed assets	**-**	**-20,534**	**-**	**-**
Total amortization, depreciation and impairment	**-13,921**	**-35,448**	**-1,640**	**-345**

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 2021	Parent company 2020
Impairment of shares [1)]	-1,364	-138,078
Total	**-1,364**	**-138,078**

[1)] Refers to write-off in 2021 related to write down of shares in XMS and in 2020 related to write down of the shares in Anoto AB and Anoto Korea

NOTE 16 – Financial income and expenses

(KSEK)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Financial income				
Interest from Group companies	-	-	7,165	29,797
Exchange gains	18,764	-	12,183	317
Total financial income	**18,764**	**-**	**19,348**	**30,114**
Financial expenses				
Interest expenses on loans	-1,681	-41	-1,540	-
Interest expense on leases	-41	-154	-	-
Loss at valuation to fair value of investment[1)]	-10	-250	-	-
Other financial expenses	-238	-1,740	-38	-106,600
Exchange losses	-157	-22,726	-	-18,485
Total financial cost	**-2,126**	**-24,910**	**-1,578**	**-125,086**
Total financial net income/(expense)	**16,637**	**-24,910**	**17,770**	**-94,972**

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

Anoto

NOTE 17 – Income taxes

(KSEK)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Deferred tax	283	74	286	-
Total	**283**	**74**	**286**	**-**

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

(KSEK)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Reported profit/(loss) before tax	-40,506	-128,342	13,592	-233,281
Tax in accordance with current tax rate of 20,6% (21,4%)	8,344	27,465	-2,800	49,922
Other	-	-	-	-
Tax impact of non-deductible expenses	-	-	2,569	57,602
Tax impact of non-taxable income[1)]	39	-	-	-
Increase/decrease of tax deficits without corresponding capitalization	-8,100	-27,391	518	-107,524
Tax reported	**283**	**74**	**286**	**0**

1) arising from consolidation adjustments related to IFRS 16

Tax deficit

(KSEK)	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Opening balance Swedish companies	-1,200,031	-878,238	-260,190	-26,909
Opening balance foreign companies	-1,418,320	-1,339,129	-	-
Opening balance adjust from prior year	-	-	-	-
Tax deficit of the year Swedish companies	41,970	-321,793	13,592	-233,281
Tax deficit of the year foreign companies	49,144	-79,191	-	-
Closing tax deficit	**-2,527,236**	**-2,618,350**	**-246,598**	**-260,190**
Nominal amount, tax asset 20.6% Swedish companies	**520,611**	**539,380**	**50,799**	**53,599**

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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Accumulated historical cost				
Opening accumulated historical cost	147,396	146,923	-	-
Capitalization for the year [1)]	5,702	473	-	-
Closing accumulated historical cost	**153,098**	**147,396**	**-**	**-**
Accumulated amortization				
Opening accumulated amortization	-36,819	-25,440	-	-
Amortization for the year according to plan	-9,734	-11,379	-	-
Closing accumulated amortization	**-46,553**	**-36,819**	**-**	**-**
Accumulated impairment losses				
Opening accumulated impairment losses	-55,963	-52,975	-	-
Impairment losses for the year	-	-2,988	-	-
Closing accumulated impairment losses	**-55,963**	**-55,963**	**-**	**-**
Closing residual value	**50,581**	**54,613**	**-**	**-**

[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 – 8,228 KSEK – 1.5 years remaining
KAIT AI – 6,857 KSEK – 3 years remaining
Livescribe+ App – 5,136 KSEK – 3 years remaining

Remaining portion 30,360 KSEK is made up of non-significant projects (2,075 KSEK) and projects in-progress (28,285 KSEK).

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 2021 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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Accumulated historical cost				
Opening accumulated historical cost	78,202	77,557	13,996	13,996
Acquisitions	1,045	645	-	-
Closing accumulated historical cost	**79,247**	**78,202**	**13,996**	**13,996**
Accumulated amortization				
Opening accumulated amortization	-75,728	-75,480	-13,996	-13,996
Amortization for the year according to plan	-240	-247	-	-
Closing amortization	**-75,968**	**-75,728**	**-13,996**	**-13,996**
Closing residual value	**3,279**	**2,474**	**-**	**-**

The group reviews the carrying value of patents on a regular basis and recognizes 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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Accumulated historical cost				
Opening accumulated historical cost	2,398	2,317	104	104
Acquisitions	141	81	-	-
Closing accumulated historical cost	**2,539**	**2,398**	**104**	**104**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-2,089	-1,904	-100	-94
Amortization for the year according to plan	-195	-185	-4	-6
Closing amortization and impairment losses	**-2,284**	**-2,089**	**-104**	**-100**
Closing residual value	**255**	**309**	**0**	**4**

Amortization by function is shown in note 14.

NOTE 21 – Other intangible assets

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Accumulated historical cost				
Opening accumulated historical cost	58,853	57,996	7,511	7,511
Acquisition of License	-	857	-	-
Translation difference	-	-	-	-
Closing accumulated historical cost	**58,853**	**58,853**	**7,511**	**7,511**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-51,998	-51,998	-340	-
Amortization for the year according to plan	-1,403	-	-1,636	-340
Translation difference	-594	-	-	-
Closing amortization and impairment losses	**-53,995**	**-51,998**	**-1,976**	**-340**
Closing residual value	**4,857**	**6,854**	**5,536**	**7,172**

Comprises mainly of IP licenses used in our manufactured hardware.
Amortization by function is shown in note 14.

NOTE 22 – Goodwill

(KSEK) **2021**	Livescribe	Anoto Korea	Total
Accumulated historical cost 2021			
Opening accumulated historical cost	96,929	36,598	133,527
Translation differences	10,122	301	10,423
Closing accumulated historical cost 2021	**107,051**	**36,899**	**143,950**
Opening accumulated impairment losses	-24,590	-	-24,590
Translation differences	-2,568	-	-2,568
Impairment losses for the year	-	-	-
Closing accumulated impairment losses 2021	**-27,158**	**-**	**-27,158**
Closing net balance 2021	**79,893**	**36,899**	**116,792**

(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**

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 no indication of impairment was identified in 2021 for Livescribe and Anoto Korea.

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 24.9% (22.7%) 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% 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% growth on sales in Anoto Korea's established revenue streams and up to doubling of revenue year on year of intercompany supply of goods to the Group's new segment KAIT, which offers education solutions.

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 24.9% 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.

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
2021				
Perpetual growth rate	2.0%	0%	2.0%	1.0%
Discount rate before tax	24.90%	33.00%	24.90%	28.75%
Gross Profit	30%-54%	20%	35%-54%	15%
Cost increase	14%-61%	20%	0%~101%	35%

(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%

NOTE 23 – Equipment and tools

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Accumulated historical cost				
Opening accumulated historical cost	61,669	56,250	-	-
Additions for the year	563	5,419	-	-
Closing accumulated historical cost	**62,232**	**61,669**	**-**	**-**
Accumulated depreciation and impairment				
Opening accumulated depreciation	-52,140	-49,183	-	-
Depreciation for the year according to plan	-3,223	-2,958	-	-
Sales of Fixed Assets	-2,460	-	-	-
Closing depreciation and impairment losses	**-57,824**	**-52,140**	**-**	**-**
Closing residual value	**4,408**	**9,529**	**-**	**-**

NOTE 24 – Participation in Group companies

(KSEK)	Parent Company 2021	Parent Company 2020
Opening balance acquisition cost	8,320	46,646
Shareholder contribution	2,200	-
Impairment loss for the year	-1,364	-38,326
Total	**9,156**	**8,320**

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%	30,204	2,145
XMS Penvision AB	556708-4685	Stockholm	611,731	93.20%	775	836
Anoto Korea Inc. [1)]	129-86-60962	Seongnam	20,000,000	100%	-87,095	6,174
						9,156

[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%
Anoto Canada	Vancouver	Canada	Operational	Anoto AB	100%
Livescribe, Inc.	Boston	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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Opening balance	10	260	10	260
Losses at valuation to fair value of investment[1)]	-10	-250	-10	-250
Total	**0**	**10**	**0**	**10**

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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Opening balance	1,465	1,418	87	87
Additions	-	499	-	-
Reclassification	2,623	-	-	-
Settlements	-441	-452	-	-
Total	**3,648**	**1,465**	**87**	**87**

2021 amount includes reclassification of pledge assets of 2,623 to other long-term receivables from prepaid expenses related to the Green Mango litigation, for further details, see note 40. Other amounts included in this note are deposits.

NOTE 27 – Inventory

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Raw material (components)	12,581	5,417	-	-
Finished goods	14,650	9,286	-	-
Total	**27,231**	**14,703**	**-**	**-**

In 2021, a total of COGS 33,149 KSEK (2020: COGS 32,397 KSEK) of inventory was included in profit and losses as an expense.

NOTE 28 – Accounts receivable

(KSEK)	2021 Gross	2021 Net	2021 Provision %	2020 Gross	2020 Net	2020 Provision %
Not due	4,079	4,079	0%	3,425	3,407	1%
Due 1 - 30 days	498	498	0%	8	8	0%
Due 31 - 60 days	227	227	0%	309	308	0%
Due 61 - 90 days	128	124	3%	571	569	0%
Due more than 90 days	15,868	1,612	90%	16,014	2,855	82%
Total	**20,800**	**6,540**	**69%**	**20,326**	**7,146**	**65%**

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.

As of 31 December 2021, the Group had a significant amount of accumulated bad debt allowance corresponding to our assessment of expected credit loss. This amount is aggregated from prior years, mainly in the Livescribe segment across a number of customers and is not indicative of collections in the current year. There are plans in place to write off credit losses against bad debt allowance in the coming year, with no effect to our net receivables, as 90% of aged receivables over 90 days are provisioned for.

The provision for doubtful receivables amounts to KSEK 14,260 (13,180).

Changes in the allowance for doubtful accounts during the fiscal years ended December 31, 2021 and 2020 were as follows:

(KSEK)	2021	2020
Loss allowance as at 1 January calculated under IAS 9	13,180	10,906
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at January 2021	13,180	10,906
Loss Allowance recognised during the year	3,040	2,274
Receivables written off during the year	-1,960	-
Loss allowance as at 31 December	**14,260**	**13,180**

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.

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

	2021			2020		
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	84	97%	43%	123	98%	56%
Exposure 1-10 MSEK	3	3%	57%	2	2%	44%
Exposure > 10 MSEK	0	0%	0%	0	0%	0%
Total	**87**	**100%**	**100%**	**125**	**100%**	**100%**

NOTE 29 – Prepaid expenses and accrued income

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Prepaid rent	203	113	-	-
Prepaid insurance	551	213	539	197
Prepaid software licenses	789	164	16	16
Prepaid legal fees	-	-	-	-
Prepaid contractor fee	2,293	4,618	1,985	1,985
Prepaid manufacturing costs	2,213	-	-	-
Other	397	98	-	-
Total	**6,446**	**5,206**	**2,540**	**2,197**

NOTE 30 – Provisions for product warranty commitments

(KSEK)	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Opening balance	1,151	3,019	-	-
New provisions	1,920	807	-	-
Unutilized amount returned	585	-2,675	-	-
Total	**3,656**	**1,151**	**-**	**-**

Provisions for product warranty commitments relate essentially to the sale of pens during 2021 and 2020. 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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Accrued employee compensation and benefits	5,610	2,007	-	-
Accrued royalties and interest	3,787	-	-	-
Accrued board compensation	2,165	-	-	-
Deferred income	910	708	-	-
Other services and goods	2,467	4,216	3,965	1,179
Total	**14,938**	**6,931**	**3,965**	**1,179**

Revenue recognized in 2021 that was included in contract liability (deferred income) balance at the beginning of the period KSEK 636.

NOTE 32 – Share-based payments to employees

Option Program

As of December 31, 2021, Anoto Group has the following valid option programs:

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 number of stock options to be allocated to the CEO is 13,411,303 and to the other senior executive is 4,539,540. 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 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 vesting period for the issued options are as follows: one third of the options will become exercisable one year after the date of grant of the options. Thereafter, the remaining two thirds of the options vest on a pro rata basis, with 1/24 per month, until all options have vested. All options can be exercised three years after the date of grant of the options. As of December 31, 2021, there were 17,950,843 fully vested options outstanding.

In Q2, 2021, an incentive scheme for senior executives was adopted that comprises a maximum of 17,789,489 stock options at a subscription price equal to 120 per cent of the average volume weighted closing price of Anoto Group's shares on Nasdaq Stockholm for each trading day during the period from 8 June 2021 up to and including 29 June 2021. The maximum number of stock options to be allocated to the CEO (Perry Ha) is 6,469,745 and to each of the other senior executive is between 200,000 and 4,313,163. The vesting period for the issued options are as follows: one third of the options will become exercisable one year after the date of grant of the options. Thereafter, the remaining two thirds of the options vest on a pro rata basis, with 1/24 per month, until all options have vested. All options can be exercised three years after the date of grant of the options. The stock options can be exercised to purchase common stock in the Company no later than on the fifth anniversary from the date of grant of the options minus one day, after which any outstanding options lapse. Perry Ha, resigned in December 2021 and the Board has granted him 2,156,581 options and cancelled all other options. Perry's options vested on March 5, 2022 and will expire three years from the date of vesting. As of 31 December 2021, there were 5,856,581 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 is calculated using the Black & Scholes valuation model, using a risk-free rate of 0.78 and 0.9 for the 2018 and 2021 programs, respectively. As at December 31, 2021, the value of outstanding options amounts to KSEK 18,909 (19,561). The calculation of the total cost for the stock option programs has been adjusted in 2021 due to changes in the assumptions relating to graded vesting, increasing costs for the 2021 financial year by KSEK 1,152. A total of KSEK 3,490 (2,528) 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	2021 Nom. Value	2021 Book value	2020 Nom. Value	2020 Book value
Third party loans	2.0-12.0%	2022	41,196	41,196	2,983	2,983
Leasing	3%	2022	449	449	2,335	2,335
Total interest bearing liabilities			**41,644**	**41,644**	**5,318**	**5,318**

NOTE 34 – Leasing

The leasing cost of assets under operating leases amounted to KSEK 1,549 (1,529) and interest costs amounted to KSEK 41 (154), derived primarily from rented premises. Future payments for non-cancellable operating leasing contracts fall due as follows:

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	2	0-1 Years	2	-

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

(KSEK)	Lease Liability
1/1/2021	**4,229**
Depreciation Expense	-1,550
Remeasurement upon early termination[1)]	-2,231
12/31/2021	**449**

1) Lease for Portugal terminated early in Q1 2021 due to effects of Covid-19

Future minimum lease payments at 31 December 2021 are as follows:

	Minimum Lease Payments Due			
	Within 1 Year	**1-2 Years**	**2-3 Years**	**Total**
31-Dec-21				
Lease Payments	482	-	-	482
Finance Charges	-33	-	-	-33
Net Present Value	**449**	**-**	**-**	**449**

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 2021
Short-term lease	134
Leases of low value assets	57
Variable lease payments	254
	444

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	Total
1/1/2021	**19,293**	**5,318**	**24,611**
Cash flows:			
- Repayments	-1,217	-3,548	-4,764
- Proceeds	0	25,300	25,300
Non-cash			
- Reclassification	-18,077	14,125	-3,952
12/31/2021	**0**	**41,195**	**41,195**

(KSEK)	Long-term borrowings	Short-term borrowings	Total
1/1/2020	**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
12/31/2020	**19,293**	**5,318**	**24,611**

NOTE 36 – Financial instruments

Group 2021	Amortised Cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Accounts receivable and other short- and long-term receivables	10,188	0	0	0	10,188
Liquid assets, incl. current investment	3,885	0	0	0	3,885
Long-term investments1)	0	0	0	0	0
Assets	**14,073**	**0**	**0**	**0**	**14,073**
Convertible debt and short-term loans	41,644	0	0	0	41,644
Accounts payable	38,443	0	0	0	38,443
Other liabilities	5,073	0	0	0	5,073
Liabilities	**85,161**	**0**	**0**	**0**	**85,161**

Group 2020	Amortised Cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Accounts receivable and other short- and long-term receivables	8,612	0	0	0	8,612
Liquid assets, incl. current investment	2,128	0	0	0	2,128
Long-term investments1)	0	0	10	0	10
Assets	**10,740**	**0**	**10**	**0**	**10,750**
Short-term loans	5,318	0	0	0	5,318
Accounts payable	28,648	0	0	0	28,648
Other liabilities	28,399	0	0	0	28,399
Liabilities	**62,365**	**0**	**0**	**0**	**62,365**

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	**2021**	11,198	-	-	471,297	-6,134
Group company	**2020**	8,749	-	-	409,520	-13,934

The parent company's intercompany receivables have been assessed for expected credit loss at year end based on calculations of the subsidiaries value in use, in accordance with IFRS 9.

Group

Related parties (KSEK)		Purchasing of goods and services	Loans
Third party	**2021**	191	19,533
Third party	**2020**	-	16,769

During the year, the Group utilized the services of BBright AB, a company related to Anders Sjögren, who is a member of the Group's Board of Directors, for consulting work regarding the design and development of, amongst other things, camera systems and patterns.

At 31st December 2021, the Group held short term loans with an annual interest rate of two percent from the Group's previous CEO, Young Soo (Perry) Ha, the Group's current CEO, Joonhee Won, and from Inhye Kim, wife of CEO Joonhee Won.

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	2021	2020
Registered opening balance	**177,284,817**	**150,262,257**
Rights Issue, 24 March 2020 [1)]		20,000,000
Rights Issue, 29 September 2020 [2)]		7,022,560
Rights Issue, 20 January 2021 [3)]	8,373,333	
Rights Issue, 22 February 2021 [4)]	9,000,000	
Rights Issue, 23 February 2021 [5)]	21,000,000	
Registered closing balance	**215,658,150**	**177,284,817**

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

1) Rights Issue, price SEK 1.07
2) Rights Issue, price SEK 1.27
3) Rights Issue, price SEK 0.90
4) Rights Issue, price SEK 0.90
5) Rights Issue, price SEK 0.90

Equity

(KSEK)	Group 2021	Group 2020
Translation reserve		
Accumulated exchange rate differences at beginning of the year	-4,726	-12,841
Exchange rate differences for the year	-9,599	8,115
Accumulated exchange rate differences at year end	**-14,325**	**-4,726**

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 2,486 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 shares.

Anoto Group has so far not paid any dividend and will suggest to the Annual General Meeting of 2022 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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Cash and bank balances	3,885	2,128	219	26
Total	**3,885**	**2,128**	**219**	**26**

Other Items not affecting cash flow				
Exchange gains and losses	-18,764	22,900	-	-
Gain/losses at valuation to fair value	157	-174	10	-
Other	-1,230	-1,753	1,904	-
Total	**-19,837**	**20,973**	**1,914**	**-**

NOTE 40 – Contingent Liabilities

We have two ongoing disputes within the group for which we have retained contingent liabilities of approximately 6MSEK.

First is our 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 and is expected to be ongoing until 2023. We have pledge assets of 300K USD, which have been kept in escrow, this is presented in our balance sheet as other long-term receivables. The outcome of the litigation will affect our obligation to pay for services delivered by Green Mango Corp. We assess the risk that we will lose the case in its entirety as low and have provisioned 150K USD (50% of total amount challenged), plus 50K USD of potential legal costs in our balance sheet, retained in accounts payable and as accrued expenses respectively.

We also have an ongoing dispute with Grant Thornton relating to non-payment for auditing services and accounting advice. The invoices have been challenged due to, amongst other things, lack of working reports and professionalism in services provided in conjunction with carrying out services without an assignment. The case is currently at Stockholm District Court. The outcome of the litigation will affect our obligation to pay for services delivered by Grant Thornton. We have retained the full value of the challenged invoices, amounting to approximately 4MSEK as account payable in our balance sheet. However, we assess that the risk that we will lose the case in its entirety as low.

We have an ongoing dispute with Marveldex Inc. regarding defective deliverables for the manufacture of force sensors. Anoto has brought the dispute before the Suwon District Court in South Korea. Anoto has already paid for manufactured and delivered force sensors in the amount of 600 million Korean won (equivalent to approximately 4.5 MSEK). We brought claims to Marveldex to compensate Anoto for the full value. Anoto already made full payment for the value of the disputed sensors except an invoice of 16,500,000 Korean won (equivalent to approximately 125,000 SEK) which is booked as accounts payable in the subsidiary Anoto Korea's balance sheet.

NOTE 41 – Events after December 31, 2021

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 18 January 2022, the Board of Directors of Anoto, on the basis of an authorization from the Annual General Meeting held on 30 June 2021, resolved to carry out a directed rights issue of 7,500,000 ordinary shares at a subscription price of SEK 0.781 per share. The subscription price was determined after discussions at an arm’s length between investors and Anoto and corresponded to a premium of 3.6 percent against the closing price of Anoto’s share price on Nasdaq Stockholm on 17 January 2022. The new shares were subscribed for by a group of international investors. The reason for the deviation from the shareholders’ preferential rights was to carry out capital raising in a timely and cost-efficient manner. All subscribed shares were allotted. Through the rights issue, Anoto will receive approximately MSEK 5.9 before issue costs. The issue had a dilution effect of approximately 3.5 percent of the share capital after dilution by increasing the number of outstanding shares from 215,658,150 to 223,158,150.

2. On 22 February 2022, Anoto announced that it will launch the world’s first AI solution for an integrated offline and online education platform through its subsidiary Knowledge AI (KAIT). KAIT’s previous platform, which was only offered to schools (b2b), contains three functions - diagnostic assessment of the student's skills, autogenerated teaching and a module for distance education - will in its new version also be offered directly to students (b2c) who want to improve in mathematics and science. In 2021, KAIT has worked hard to develop and improve its software. The new version that will be launched will be available as a mobile application as well as an online and offline solution and thus be a fully integrated multiplatform education solution. By combining Anoto's patented Swedish-developed digital pen with a digital education platform, KAIT provides teachers with a basis for assessing the student's understanding while the student receives guidance on any mistakes he or she have made in, amongst others, problem solving. The basis for the AI functionality is Anoto's digital pen, but by investing in a proprietary AI-algorithm and education software, KAIT now leads Anoto's transformation from being a manufacturer and developer of hardware to becoming an AI based software company. In KAIT’s platform, the digital pen is simply an input device for the sophisticated data collection required for the solution's AI functionality to work. The digital pen measures various data points, the total results of which provide the answer to whether the student really has understood the task that the student has worked on and what the student should learn in the next step. For the teacher, the solution means, among other things, that they can identify differences in understanding between students even if they have received the same score or grade on an assignment or a test. For the student, the technology is designed to make the studies easier and more relevant. The student can directly see where and how e.g. a mathematical calculation has gone wrong - much like when a word processing program red-marks a misspelling. The AI function can also set up schedules and design educational programs for students who think they have fallen behind. The AI solution has so far been tested by around 10,000 students in schools in South Korea and the USA, among others, and the new version of the platform will be launched on a broader front during 2022. The AI solution was demonstrated at a digital event on 23 February 2022.

3. On February 24, 2022 Russian invaded Ukraine. Anoto does not do any business with Ukraine or in Russia and the impact of the war is minimal. However, it is possible that a long dragged out war may cause some components prices to rise.

4. On 1 April 2022, Anoto announced that the Company, after being evaluated since the summer of 2020, has been commissioned to develop a digital screen pen for Samsung Display Co., Ltd’s (“Samsung”) foldable OLED screens for mobile phones, tablets and PCs. Under the agreement, Anoto will be paid for the development of the pen (development period is expected to end 4Q 2022). After the development is finished, Samsung intends to start mass production, and Anoto will then be paid royalty for each pen sold under a future license agreement. Foldable mobile phones, tablets and PCs are the next big digital trend, and Samsung is the manufacturer that without any doubt has taken this technology the furthest with several already released models. The challenge of foldable OLED screens is the thinness and size of the screen that prohibits established screen pen solutions to be used due to costs and size. Anoto’s proprietary dot pattern technology and pen therefore presents a unique value proposition and a viable solution to this latest screen technology.

5. On 8 April 2022, the Company announced that that it in a press release on 6 April 2022 that the loan Anoto received from Swedish investors that was announced in a press release on 10 August 2021 now partially is converted into

shares. The conversion referred to is carried out through an offset issue. The Board of Directors of Anoto has, on the basis of an authorization from the Annual General Meeting held on 30 June 2021, resolved on an offset issue of 6,666,666 shares (the "Offset issue"). Through the Offset issue, Anoto receives MSEK 5 through set-off before issue costs. The disapplication of the shareholders´ preferential rights are for Anoto to be able fulfill its obligations according to the loan agreement entered into. The subscription price for the Offset issue is 0.75 SEK per share, which corresponds to the volume-weighted average price (VWAP) of the Anoto share during the last ten trading days before the date of the request of the set-off. Payment shall be made by offsetting claims against Anoto. All subscribed shares have been allotted. The offset issue has a dilution effect of approximately 2.9 percent of the share capital after dilution by increasing the number of outstanding shares by 6,666,666 from 222,269,336 to 228,936,002.

NOTE 42 – 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 2021 relate to the parent company and its subsidiaries, jointly referred to as the Group.

NOTE 43 – Climate related matters

Anoto does not engage is always conscious of our reponsiblities to the climate and environment. As we use Lithium-Ion batteries, we always receive the following certifications:

- US : FCC (Radio Frequency certification)
- Canada : IC (Radio Frequency certification)
- EU : CE (Radio Frequency certification), RoHS and WEEE
    - WEEE - Waste Electrical and Electronic Equipment
    - RoHS - Restriction of Hazardous Substances

As we do not operate our own factory, Anoto is not exposed to any climate matters at the point. However, our contract manufacturer's factory has ISO 9001 (Quality Management System and ISO 14001 (Environmental Management System) certifications.

NOTE 44 – COVID related information

Anoto was severely affected by COVID over the last two years. In 2020, lockdowns in many countries resulted in manufacturing delays, shipping problems in ocean freights caused delays in delivery and costs as we had to air ship urgent delivery. Knowledge AI was also affected by COVID as schools closed during much of 2020 and 2021.

In 2021, component shortages and price hikes led to increased costs. In addition, longer than usual lead time for many components interrupted manufacturing.

Logistics situation and component supply situation eased somewhat in 2022. However, we had to stock up critical components and started building finished goods inventory in 2021.

NOTE 45 – Impact of Ukraine War

Anoto does not engage in businesses in either Ukraine or in Russia. These two countries also are not suppliers or distributors of our products. We do not have employees, both full time or contractual, from Ukraine. Prolonged war may have an impact on the component prices but there are no direct impact from the war.

SIGNATURES FOR THE ANNUAL REPORT

The Annual Report and consolidated financial statements were approved by the Board on April 30, 2022. 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 2022 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, 2022

Jörgen Durban
Chairman of the Board

Joonhee Won
CEO

Dennis Song
Board Member

Anders Sjögren
Board member

AUDITOR'S REPORT

This auditor's report replaces the auditor's report we submitted on April 30, 2022.

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Anoto Group AB (publ) for the financial year 2021. The annual accounts and consolidated accounts of the company are included on pages 3-60 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 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 opinions.

Emphasis of Matter

Without affecting our opinion, we would like to draw attention to Note 18 Capitalized expenses for development expenditures and Note 22 Goodwill, which states 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, and there is a more negative development, 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, respectively. As the Group and the Parent Company have made write-downs on these assets during previous financial years, an additional need for write-downs arises even with small changes in the assumptions made.

Material uncertainty regarding the assumption of going concern

We would like to draw attention to the administration report's section Liquidity risk, financing risk and continued operations. There it is stated that there is a significant risk that the company will not be able to continue operating if the company's strategies for increased sales fail at the same time as the company cannot fully succeed in raising sufficient new 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.

Other matters

The audit of the report for the financial year 2020 has been performed by another auditor, who has issued an auditor's report dated April 30th 2021, with unqualified opinions in the Report of annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. In addition to the situation described in the section Significant uncertainty factor regarding the assumption of going concern, we have determined that the conditions we describe below are the key audit matters that are to be communicated in this report.

Revenue recognition

The groups net sales as of 31 December 2021 amount to SEK 71,7 million. Net sales mainly consist of sales of digital pens and associated software and designs. A description of the assumptions on which the Group companies' revenue recognition is based can be found in Note 2. There, Anoto Group AB (publ.) describes how revenue is reported in the Group. The recognition of revenue requires that the group has the required routines for identifying performance commitments, and for ensuring that the revenues are reported as performance commitments are performed. Revenue recognition linked to agreements that include performance commitments requires in certain cases that the management make assessments regarding the distribution of the transaction price between different performance commitments. Revenue recognized constituted a significant area in our audit considering the significance of the reported amounts and that it includes significant elements of estimations.

How our audit addressed the Key audit matter

Our audit procedure included but were not limited to:
Initially, we reviewed the accounting principles and routines for the sales process and revenue recognition in each Group company. We have reviewed the company's and the respective group companies processes for revenue recognition and carried out a review of agreements with customers using a sample-based approach. Our examination has included a review of the identification of performance commitments and the distribution of the transaction price between them. We have evaluated the reasonableness of the assumptions underlying the distribution of the transaction price. We have also examined whether the performance commitments identified have been met. We have reviewed the information provided in the annual report.

Valuation of intangible assets

Goodwill and other intangible assets such as capitalized expenses for development expenditure, trademarks and patents as well as other intangible fixed assets amount to SEK 175.8 million of the Group's total assets. Note 3 sets out principles for impairment tests and Note 22 sets out the significant assumptions used by management in preparing the impairment tests. The company performed an impairment test during The company carried out this in the beginning of 2022. An impairment test contains a number of assumptions, including future market development, the possibility of achieving growth, profitability development and the discount factor. It is thus complex assumptions and estimates that the company management and the board must make.

As intangible fixed assets, including goodwill, constitute a significant amount and the required assumptions include assessments and estimates, each of which can be of decisive importance for the valuation, this has been a particularly key audit matter in the audit.

How our audit addressed the Key audit matter

Our audit procedures included but were not limited to:
Initially we and BDO's valuation specialists reviewed, whether the established impairment tests per cash generating unit, including group companies, had been carried out in accordance with accepted principles and methods. In our review, we checked the most important assumptions for impairment testing applied by company management and the board such as growth, profitability and discount rates. We reviewed the simulations and sensitivity analyzes conducted by company management and the board. These tests have also formed the basis for our control of the information provided in the annual report in Note 3 and Note 22.

Valuation of inventory

The Group recognized inventory of SEK 27,2 million on December 31, 2021. The inventory balance consists of raw materials and finished goods. We have identified this area as a key audit matter since the assessment of whether the inventory may be sold for more than the initial cost is complex and involves significant levels of judgment and estimates. The obsolescence reserve is based on individual assessments based on management's judgements. For further judgements see Note 2 Accounting principles and Note 27 Inventories.

How our audit addressed the Key audit matter
Our audit procedures included but were not limited to:
Initially we evaluated the group's routines and internal controls for managing inventory. We examined management's assessment of the inventory's valuation with a focus on ensuring that the correct inputs have been used in the valuation model and that it fairly reflects reality in view of the valuation of obsolete inventory.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 61-74. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

•Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
•Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
•Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
•Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
•Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
•Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements
The auditor's audit of the administration of the Board of Directors and the Managing Director and the proposed appropriations of the company's profit or loss

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Anoto Group AB (publ.) for the financial year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other matters
The company has securities listed on a regulated market and shall publish its annual report and consolidated accounts in accordance with Chapter 16, Section 4 of the Swedish Securities Market Act (2007:528).

Such a company shall, pursuant to Chapter 16, Section 4 of the Swedish Securities Market Act, prepare the annual accounts and consolidated accounts, in a format that enables uniform electronic reporting. At the time of the auditor's report submitted on April 30, 2022, no annual accounts and consolidated accounts had been prepared in a format prescribed in Chapter 16, Section 4 of the Swedish Securities Market Act. Whereby we have not been able to submit such a statement as required under Chapter 9, Section 35 b of the Swedish Companies Act.

The company has now, pursuant to Chapter 16, Section 4 of the Swedish Securities Market Act, prepared the annual accounts and consolidated accounts, in a format that enables uniform electronic reporting. This auditor's report replaces the auditor's report that we submitted on April 30, 2022 and contains a statement required under Chapter 9, Section 35 b of the Swedish Companies Act.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

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

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

In our opinion, the Esef rapporten # 1849e71857e32de405dfc413b75c6afd72d3ba5886f48975dda23f1037ad3690 report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Anoto Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

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

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

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

BDO Mälardalen AB was appointed auditor of Anoto Group AB (publ.) by the general meeting of the shareholders on 30 June 2021 and has been the company's auditor since 2021

Stockholm, date as per electronic signature

BDO Mälardalen AB

Johan Pharmanson	Carl-Johan Kjellman
Authorized Public Accountant	Authorized Public Accountant

Alternative performance measures

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

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

Operating profit/loss

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

(KSEK)	Group 2021	Group 2020
Gross profit	**38,581**	**38,155**
Selling expenses	-25,228	-27,899
Administrative expenses	-15,189	-35,580
Research & development expenses	-49,290	-49,477
Other operating income	99	0
Other operating cost	-6,116	-28,630
Operating profit/loss	**-57,143**	**-103,431**

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 2021	Group 2020
Operating profit/loss	-57,143	-103,431
Operating margin	**-79.66%**	**-146.60%**

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 2021	Group 2020
Cash flow	1,504	-18,246
Weighted average number of ordinary shares	211,244,452	167,753,928
SEK	**0.01**	**-0.11**

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 2021	Group 2020
Total assets	239,074	225,056
Equity attributable to the shareholders of Anoto Group AB	144,515	158,858
	60.45%	**70.59%**

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 2021	Group 2020
Operating profit/loss	-57,143	-103,431
Depreciation and amortisation	13,921	35,448
EBITDA	**-43,222**	**-67,983**

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)	2021	2020
Equity attributable to the shareholders of Anoto Group AB	144,515	158,858
Number of ordinary shares	215,658,150	185,658,150
SEK	**0.67**	**0.86**

Net debt

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

(KSEK)	Group 2021	Group 2020
Interest-bearing liabilities	41,644	5,318
Liquid assets	-3,885	-2,128
Net debt	**37,759**	**3,190**

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 2021	Group 2020
Total assets	239,074	225,056
Non-interest bearing provisions	-3,656	-1,151
Non-interest bearing liabilities	-61,027	-41,157
Short-term interest-bearing liabilities	-41,644	-5,318
Capital employed	**132,747**	**177,429**

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 2021

The Annual General Meeting (AGM) in 2021 took place in Stockholm on 30 June 2021. Jörgen Durban was present from the Board of Directors.

The Annual General Meeting made the following decisions:

The Annual General Meeting (the "AGM") on June 30, 2021 of Anoto Group AB (publ) (the "Company") decided to adopt the balance sheet, income statement, consolidated balance sheet and consolidated income statement for 2020. Furthermore, it was resolved that no dividend will be distributed and that the unrestricted equity in the parent company shall be carried forward.

- The AGM resolved to discharge the board members and the CEO from liability for 2020. As members of the Board of Directors until the end of the next AGM, the AGM re-elected Jörgen Durban, Young Soo (Perry) Ha, Anders Sjögren and Dennis Song. Jörgen Durban was re-elected as the Chairman of the Board of Directors.

- The AGM elected the registered auditing company BDO Mälardalen AB as auditor for a period of four years. BDO Mälardalen AB has announced the intention that the authorized accountant Carl-Johan Kjellman will be appointed as the auditor-in-charge and that the authorized accountant Johan Phermanson will be appointed auditor for the same period.

- The AGM resolved to adopt an incentive scheme for Senior Executives of the Company. The incentive program means that the participants will be granted stock options free of charge. The program comprises a maximum of

17,789,489 stock options, representing approximately 7.6 per cent of the share capital and votes after dilution, based on the current number of shares in the Company. The number of stock options granted to the CEO shall be up to 6,469,745 options and the number of options for each of the members of the Senior Management and other key employees shall be between 200,000 and 4,313,163 options. Board members of the Company not employed by the Group shall not participate in the incentive scheme. The options granted to the CEO will vest and become exercisable on a pro rata basis, with 1/24 per month, until all options have vested after two years and can be exercised three years after the date of grant of the options. All other options granted under the incentive scheme will vest and be exercisable according to the following. One third of the options will become exercisable one year after the date of grant of the options. Thereafter, the remaining two thirds of the options vest on a pro rata basis, with 1/24 per month, until all options have vested. Options can be exercised three years after the date of grant of the options. The stock options can be exercised to purchase common stock in the Company no later than on the fifth anniversary from the date of grant of the options minus one day, after which any outstanding options lapse. Each option entitles the participant to purchase one common stock in the Company at a price equal to 120 per cent of the average volume weighted closing price of the Company's shares on Nasdaq Stockholm for each trading day during the period from 8 June 2021 up to and including 29 June 2021.

- The AGM authorized the Board of Directors, on one or more occasions until the next Annual General Meeting, to resolve on a new issue of no more than 17,789,489 Series C shares, each with a quota value of SEK 0.60, corresponding to approximately 7.6 per cent of the share capital and votes of the Company after dilution. With the deviation from the shareholders' preferential rights, the new shares may be subscribed for by a bank or securities company at a subscription price corresponding to the quota value. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights when the authorization is utilized is to ensure delivery of shares to participants under the Company's outstanding incentive programs and to cover any social security costs related to such incentive schemes. Prior to the transfer of shares to participants exercising stock options, the Board of Directors will resolve to reclassify Series C shares into ordinary shares. The Company has not yet issued any Series C shares.

- The AGM resolved to authorize the Board of Directors, on one or more occasions until the next Annual General Meeting, to resolve on repurchases of Series C shares. Repurchases may only be made through an acquisition offer addressed to all holders of Series C shares and shall comprise all outstanding Series C shares. Acquisitions shall be made at a price corresponding to the quota value of the shares. Payment for acquired shares shall be made in cash. The purpose of the above authorizations is to be able to resolve on repurchase of Series C shares in order to ensure delivery of shares to participants in the Company's outstanding incentive programs and secure payment of social security contributions attributable to such incentive programs.

- The AGM resolved to adopt an incentive scheme for employees and officers of, and consultants and advisors to, Knowledge AI Inc. ("Knowledge AI"), a subsidiary of the Company. The proposed incentive program means that the participants will be granted stock options free of charge. The program comprises a maximum of 3,000,000 stock options, representing approximately 25 percent of the share capital and votes after dilution, based on the current number of shares in Knowledge AI. The options will become exercisable as to 20 percent of the options on the first anniversary of the date of grant of the options and as to an additional 20 percent of the options at the end of each thereafter successive anniversary of the date of grant until the fifth anniversary of the date of grant. The stock options can be exercised to purchase common stock in Knowledge AI no later than on the tenth anniversary from the date of grant of the options minus one day, after which any outstanding options lapse. Each option entitles the participant to purchase one common stock in Knowledge AI at a price equal to fair market value at the date of grant of the options.

- The AGM approved the Board of Directors´ report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.

- The AGM resolved 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 43,131,630 ordinary shares, corresponding to a dilution of approximately 20 per cent of the share capital and votes, based on the current number of shares in the Company.

Anoto's Annual General Meeting 2022

Anoto's Annual General Meeting 2022 will take place on June 30 in Stockholm. Invitation will be published in accordance with what is stipulated.

Extraordinary General Meetings

Extraordinary General Meetings were held on one occasion during 2021.

On 15 February 2021, an Extraordinary General Meeting was held in Stockholm. The meeting resolved to approve the proposal that the board of directors shall consist of four board members, and that the total remuneration for each newly elected board member, who is not an employee of the group, shall amount to SEK 300,000.

The EGM resolved in accordance with the proposal to elect Jörgen Durban as a new member of the board of directors until the end of the next annual general meeting.

The EGM resolved, with unanimous vote, to approve the board of directors' resolution on January 20, 2021 to increase the Company's share capital by up to SEK 12,600,000.059198 through the issue of up to 21,000,000 new ordinary shares, each with a quota value of approximately SEK 0.600000003 (the "New Issue").

With deviation from the shareholders' preferential rights, the new shares may only be subscribed for by Rothesay Limited. The reason for the deviation from the shareholders' preferential rights is to finance the ongoing business in a time and cost-efficient way and at the same time strengthen the Company's institutional and long-term shareholder base and thereby promote the Company's opportunities to develop the Company to create additional value for all shareholders.

The subscription price per ordinary share is SEK 0.90. The subscription price has been determined after discussions at an arm's length between the Company's management and Rothesay Limited based on the prevailing market conditions at the time when the share issue was resolved. Through the directed rights issue, Anoto will receive approximately SEK 18.9 million before issue costs. The New 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. All shares had been subscribed for and allotted.

The EGM resolved, with unanimous vote, in accordance with the board of directors' proposal, 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 as per the date of the notice of the EGM, having regarded the New Issue.

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 2021, Jörgen Durban, Perry Ha, Anders Sjögren and Dennis Song were re-elected as members of the Board of Directors until the next Annual General Meeting. Jörgen Durban was re-elected as Chairman of the Board.

On 16 December 2021, Perry Ha 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. He also resigned as CEO of Anoto Group. Joonhee Won was appointed as new CEO by the Board of Directors.

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 2021
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 2021.

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

Board Member:	Number of board meetings:
Jörgen Durban*	8 / 8
Anders Sjögren	9 / 9
Young Hee (Dennis) Song	8 / 9
Perry (Young Soo) Ha**	8 / 8

* Board member since 15 February 2021

** Board member until 16 December 2021

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

Two shareholders had, on the 31st of December 2021, a direct or indirect ownership of more than one tenth of the votes for all shares – Soltworks Co. Ltd (16.4%) and Rothesay Ltd (13,9%)

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 include 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 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 year 2021 on pages 61-64 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Stockholm, date as per electronic signature

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

Jörgen Durban

Chairman of the Board

Born 1956
Board member since 2021
Other positions: Chairman of the Board of DDM Debt (publ), Chairman of the Board of DDM Finance AB,
Chairman of the Board of DDM Holding AG,
Chairman of the Board of Nordiska kreditmarknadsaktiebolaget (publ),
Shareholding: 1,763,153 shares in Anoto Group AB
Education: LL.M, Stockholm University, Sweden

Anders Sjögren

Independent Board Member

Born 1974
Board member since 2019
Shareholding: -
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

Joonhee Won
Chief Executive Officer
Born 1965
Employed since 2016
Shareholding: -
Education: BA Political Science, Economics, MBA, Harvard Graduate School, USA

Steve Kim
Chief Technology Officer
Born 1968
Employed since 2018
Shareholding: 1,000,000 shares 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 129,394,890 as per Dec 31, 2021 is allocated among 215,658,150 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 30 percent from SEK 0.91 to 0.637 during the year. During the same period, the NASDAQ OMX Stockholm PI increased by 34.97 percent. Anoto Group's market capitalization was MSEK 137 on December 31, 2021.

Shareholders

At the end of 2021, Anoto Group had 13,781 shareholders. Foreign shareholders controlled 51.6% and the ten largest shareholders controlled 54.9%.

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 32.

Analysts

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

Per share data 2021

Number of shares 2021-12-31	215,658,150
Number of outstanding options 2021-12-31	23,807,424
Average number of shares	211,244,452
Earnings per share (SEK)	-0.25
Fully Diluted Earnings per share (SEK)	-0.25
Cash flow per share (SEK)	0.01
Fully Diluted Cash flow per share (SEK)	0.01
Shareholder´s equity per share (SEK)	0.67
Shareholder´s equity per share incl. options (SEK)	0.67

Largest shareholders on December 31, 2021

1	HONGKONG & SHANGHAI BANKING CORP, W8IMY	21.1%	45,592,263
2	DANSKE BANK INTERNATIONAL S.A.	13.8%	29,700,000
3	SIX SIS AG, W8IMY	9.0%	19,447,346
4	FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	3.3%	7,019,939
5	BDP PARTNERS AB	1.7%	3,596,738
6	BNY MELLON NA (FORMER MELLON),	1.5%	3,234,811
7	BJÖRNDAHL, ANDERS	1.4%	2,910,000
8	FÄLLSTRÖM, JOHN	1.3%	2,856,681
9	NORDNET PENSIONSFÖRSÄKRING AB	1.2%	2,634,854
10	SEB Investment Management	0.9%	1,916,038
	Total	**55.20%**	**118,908,670**

Shareholders by size on December 31, 2021

Shares held	Total number of shareholders	% total number of shareholders
1 – 500	7,939	57.60%
501 – 1,000	1,426	10.30%
1,001 – 5,000	2,470	17.90%
5,001 – 10,000	698	5.10%
10,001 – 15,000	288	2.10%
15,001 – 20,000	192	1.40%
20,001 -	768	5.60%
	13,781	**100.00%**

FIVE-YEAR SUMMARY

Summary of comprehensive income statements

(KSEK)	2017	2018	2019	2020	2021
Net sales	173,010	115,556	111,967	70,552	71,730
Gross profit	70,922	37,459	60,616	38,155	38,581
Amortisation and impairment of intangible fixed assets	-11,492	-84,210	-13,379	-32,490	-11,677
Depreciation - property, plant and equipment	-4,344	-725	-2,565	-2,958	-2,243
Operating profit/loss	-36,578	-132,160	-50,654	-103,431	-57,143
Other financial items	-19,623	13,137	18,081	-24,910	16,637
Profit/loss after financial items	-56,201	-119,023	-32,573	-128,342	-40,506
Tax	3,257	3,174	-34	74	283
Profit/loss after tax	**-52,944**	**-115,849**	**-32,608**	**-128,268**	**-40,223**

Summary of balance sheets

Assets	2017	2018	2019	2020	2021
Intangible fixed assets	255,282	200,867	219,138	173,188	175,764
Tangible fixed assets	3,404	3,233	7,067	9,529	4,408
Financial fixed assets	18,317	2,165	1,678	1,475	3,648
Total non-current assets	277,003	206,265	227,883	184,192	183,820
Inventory	51,766	24,561	22,690	14,703	27,231
Accounts receivable	27,747	39,004	20,989	7,146	6,540
Other current assets	11,429	9,055	14,546	16,886	17,600
Cash and cash equivalents	31,664	5,458	20,375	2,128	3,885
Total current assets	122,606	78,078	78,600	40,864	55,255
Total assets	**399,609**	**284,343**	**306,483**	**225,056**	**239,074**

Liabilities and shareholders' equity	2017	2018	2019	2020	2021
Shareholders´ equity	276,284	212,128	234,222	158,858	144,515
Minority interests	-583	-548	4,010	-3,098	-11,768
Long-term liabilities					
Non-interest-bearing	3,289	4,072	2,376	21,670	-
Interest bearing	44,449	2,149	3,480	-	-
Current liabilities					
Non-interest-bearing	64,862	60,857	54,213	42,308	64,683
Interest-bearing	11,309	5,685	8,182	5,318	41,644
Total liabilities	123,908	72,763	68,251	69,296	106,327
Total liabilities and shareholders´ equity	**399,609**	**284,343**	**306,483**	**225,056**	**239,074**

Summary of cash flow statements

(KSEK)	2017	2018	2019	2020	2021
Profit/loss after financial items	-56,201	-119 023	-32,607	-128,268	-40,223
Items that do not affect liquidity	30,030	70 136	666	38,106	-5,916
Change in working capital	-19,024	22 327	21,038	7,585	7,117
Cash flow from operating activities	-45,194	-26 559	-10,902	-61,604	-39,022
Cash flow from investment activities	-38,427	-21 671	-30,347	-7,271	-7,009
Total cash flow before financing activities	-83,621	-48 231	-41,250	-68,875	-46,032
Cash flow from financing activities	109,732	22 025	56,167	50,628	47,536
Cash flow for the year	**26,111**	**-26,206**	**14,917**	**-18,247**	**1,504**

Key ratios

	2017	2018	2019	2020	2021
Sales growth, %	-27	-33	-3	-37	2
Gross margin, %	41	32	54	54	54
Capital employed (KSEK)	320,149	217,801	244,089	177,429	132,747
Equity/assets ratio, %	69	75	76	71	60
Net debt (KSEK)	20,365	227	-12,193	3,190	37,759
Earnings per share (SEK)	-0.49	-1.16	-0.23	-0.72	-0.25
Earnings per share after dilution (SEK)	-0.49	-1.16	-0.23	-0.72	-0.25
Cash flow per share for the year (SEK)	0.29	-0.23	0,12	-0.11	0.01
Cash flow per share after dilution (SEK)	0.28	-0.18	0,09	-0.09	0.01
Shareholder´s equity per share (SEK)	2.71	1.76	1.56	0.86	0.67
Shareholder's equity per share after dilution (SEK)	2.71	1.76	1.56	0.86	0.67
Average no. of employees	61	34	46	38	33
Sales per employee (KSEK)	2,836	3,399	2,434	1,857	2,174
Payroll expenses incl. social security contribution (KSEK)	35,561	24,970	32,106	33,472	29,105
(of which pension premiums were)	2,184	626	359	182	325

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 2022 financial year:

- Q1 Report – May 20, 2021
- Q2 Report – August 19, 2021
- Q3 Report – November 18, 2021
- Year-End Report – February 28, 2022