Anoto

Digital Time Data Solutions

2022 Annual Report

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DIRECTORS REPORT

The Board of Directors and CEO of Anoto Group AB (publ.), Corporate Identity No. 556532-3929, hereby submit the annual financial statements for the January 1 – December 31, 2022 financial year. Anoto Group AB, the parent company of the Anoto Group, is a limited liability company with its registered office in Stockholm, Sweden.

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 Holdings Pte Ltd, 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 to:

1) 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.

Starting in 2022, we focused on three main business lines. Increasing revenue through KAIT in the education sector, geographic expansion for retail business with Livescribe, and diversifying into digital device surfaces with OEM for screen pens.

Anoto’s AI-based education software company, Knowledge AI Inc. has two primary product lines: AI Tutor & Pen based Assessment Platform. We launched pilots in Korea, UAE and Jordan with AI Tutor product. As schools and governments saw the efficacy of our products, we became optimistic about our future revenue potential. In fact, our superiority was recognized by bett awards in 2023 which is one of the most prestigious awards in education technology given during the BETT conference.

There was a major change in education landscape due to the emergence of ChatGPT. Many countries and governments are now switching their examination to pen and paper based instead of using computers in order to reduce the risk of plagiarism. Knowledge AI has paper based exam platform which includes auto-grading, grade confirmation and data analytics. This platform has suddenly seen a sharp increase in demand.

ANOTO BUSINESS UNITS

Enterprise Solutions and Licensing

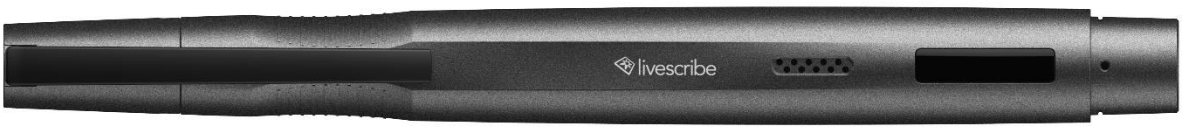
This Business to Business Segment provides digitalization of business forms and automation of routines. The product offering contains both hardware and software which enables the customer to fill in, for example, a paper form with an Anoto pen and convert the analogue text or information directly into 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.

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 2022, 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.



Livescribe's business focus is on geographic expansion, creation of better paper-based products (Notebooks etc), and we are currently updating the app to provide better User Interface and User Experience. This major update is targeted for the second half of 2023.

OEM Business

OEM business is now geared at designing and producing screen pen for screens that require a pen. We have been working with Samsung Display in producing a screen pen that could work with their latest tablets and laptops. We started an R&D project funded by Samsung Display in January of 2022 and ended the project in November 2022 with the production of sample pens. Our screen pen has cost advantage, better adaptability to foldable and rollable screens over the existing pens. Samsung is currently in discussion with device manufacturers to see if they would like to adapt our technological platform.

Knowledge AI

Knowledge AI has made a significant marketing efforts with AI Tutor, proving efficacy among the pilot schools. And starting from early 2023, we have been marketing paper and pen based exam platform for National Examination Boards of the Ministry of Education. We are currently in discussions with multiple governments in adapting our exam platform to replace their current national exam platforms. The impact ChatGPT is making in the world of education is significant as schools can no longer allow to use laptops in examination situations due to the risk of plagiarism from ChatGPT. Some states in the US, Australia and the government of UAE has already announced that they are moving back to paper and pen based examinations. Our system enables easy upload to the cloud, auto grading, comprehensive data analytics, and even confirmation of grading can be done by third party teachers.

SHARES AND SHAREHOLDERS

At the end of 2022, there were 230,611,964 issued ordinary shares in Anoto. According to Euroclear Sweden AB's statistics, there were 14,585 shareholders on December 31, 2022, representing an increase of 5.8 percent over the past 12 months. The largest shareholder as at December 31, 2022 was Soltworks Co. Ltd., owning 15.3 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 increased from 33 in 2021 to 36 in 2022. The Group had 41 employees (32) at the year-end.

COMMENTS ON THE STATEMENT OF COMPREHENSIVE INCOME

Net sales in 2022 amounted to MSEK 69 (72) and operating loss in the period was MSEK 47 (57).

The decrease in net sales is mainly due to 1) interruptions in manufacturing partner in order to improve working capital needs with regard to component sourcing. OEM (11% down from 2021), Enterprise Forms: 35% down from 2021, but LS revenue increased by 46% from 2021 due to successful launch of Echo II pen.

Gross margin in the period amounted to 62% (54%).

Overhead costs in the period were MSEK 94 (90). 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 -33 (-43).
The net loss after tax for the year was MSEK 31 (40).

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

Total assets amounted to MSEK 239 (239) and liabilities have increased by MSEK 41 to MSEK 147 (106).

Group Equity at the end of the year amounted to MSEK 92, compared to MSEK 133 in the previous year. The cash flow from operating activities was MSEK -28 (-39). Cash flow from investment activities during the year was MSEK -2 (-7). The cash flow from financing activities was 28 (48), including net proceeds from share issues of MSEK 11 (27). The cash flow for the year was MSEK -3 (2). Closing cash at end of year was MSEK 2 (4).

RESEARCH AND DEVELOPMENT

In 2022, Anoto's R&D efforts during the year were MSEK 51 (49), equivalent to 54 percent (51) of the total operating expenses. Pursuant to its compliance with IAS 38, the Group capitalized MSEK 2 during 2022. Including capitalization, the Group´s R&D expenses totalled MSEK 53 for the year.

Anoto has an extensive patent portfolio. At the end of 2022, the Group had 7 active patent application and owned 148 registered patents.

KEY RATIOS – FIVE YEAR SUMMARY

Group

	2018	2019	2020	2021	2022
Net sales	115,556	111,967	70,552	71,730	69,362
Gross margin, %	32	54	54	54	62
Operating profit/loss	-132,160	-50,654	-103,431	-57,143	-47,219
Profit/loss after tax	-115,849	-32,608	-128,268	-40,223	-30,903
Total assets	284,343	306,483	225,056	239,074	238,732
Total liabilities	72,763	68,251	69,296	106,327	147,082
Average no. of employees	34	46	38	33	36

Parent Company

	2018	2019	2020	2021	2022
Net sales	15,850	12,325	8,749	11,198	10,246
Operating profit/loss	835	-16	-231	-2,805	603
Profit/loss after tax	-38,625	4,225	-233,281	13,878	71
Total assets	585,446	623,271	427,807	488,844	596,580
Total liabilities	16,495	22,838	22,795	41,050	137,256

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. Main hearing is scheduled to take place in the first half of 2023.

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

In 2022, we switched manufacturing company to SMAC, a large Korean electronics manufacturer, and moved production line to Vietnam (March 2023), to reduce the burden of carrying working capital needs for components and to facilitate increase in production volume.

The business outlook is very strong and financing for growth in KAIT is within reach. Management and the board are of the opinion that the year 2023 will be a strong recovery year. Despite this assessment, Group management is aware of the risks posed by rising interest rates, the Russian/Ukraine war, and the lasting effects 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 risk that the Group will have problems to continue its operations.

In April of 2023, Anoto announced a directed issue of 20MSEK and a rights offering of 20MSEK in order to prepare the components and pen inventory for a potential large order. The proceeds from the offering is expected to improve financial stability as we will use the proceeds to reduce external debt.

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 2022 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 2023.

OUTLOOK FOR THE FUTURE

Anoto will have three main business lines: KAIT, OEM and Livescribe in the future. Enterprise Forms will be a profitable stable business with USD 2-3 million a year business. However, future growth will mainly from KAIT and OEM. Livescribe is continuing to expand geographically and will concentrating on increasing profitability by augmenting profitable paper & periphery lines. Anoto Korea will focus on OEM business and managing manufacturing partner for seamless production of pens.

Proposed Appropriation of Accumulated Result

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Proposed appropriation of accumulated result in the parent company (SEK):	**SEK**
Retained earnings	197,345,007
Profit for the year	71,471
Total	**197,416,479**

The Board of Directors propose that the reserves of SEK 197,416,479 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 2022	Group 2021
Net sales	5	69,362	71,730
Cost of goods and services sold	11	-26,460	-33,149
Gross profit/loss		**42,901**	**38,581**
Selling expenses	8,11,14,32,35	-28,607	-25,228
Administrative expenses	8,9,10,11,14,32,35	-14,892	-15,189
Research & development costs	8,11,14,35	-50,902	-49,290
Other operating income	12	16,088	99
Other operating costs	13	-11,806	-6,116
Operating earnings		**-47,219**	**-57,143**
Financial income	16	37,484	18,764
Financial cost	16	-21,252	-2,126
Earnings before taxes		**-30,987**	**-40,506**
Income taxes	17	84	283
Net earnings for the year		**-30,903**	**-40,223**
Total earnings for the year attributable to:			
Shareholders of Anoto Group AB		-24,744	-33,557
Non-controlling interest		-6,159	-6,667
Total profit/loss for the year		**-30,903**	**-40,223**
Other comprehensive income			
Items that may be reclassified to profit/loss for the year:			
Translation differences for the year		-20,234	-9,599
Gain or losses at valuation to fair value of investment		-1,419	-2,003
Other comprehensive income for the year		**-21,653**	**-11,603**
Total comprehensive income for the year		**-52,557**	**-51,826**
Total comprehensive income for the year attributable to:			
Shareholders of Anoto Group AB		-44,978	-43,156
Non-controlling interest		-7,578	-8,670
Total comprehensive income for the year		**-52,557**	**-51,826**
Earnings per share (SEK)		-0.20	-0.25
Diluted earnings per share (SEK)		-0.20	-0.25
Weighted average number of ordinary shares		227,263,704	211,244,452
Diluted weighted average number of ordinary shares		227,399,168	237,586,804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Note	Group 2022	Group 2021
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	18	37,687	50,581
Patents	19	4,108	3,279
Goodwill	22	132,450	116,792
Brands	20	422	255
Other intangible assets	21	4,519	4,857
Total intangible fixed assets		**179,186**	**175,764**
Property, plant and equipment			
Equipment and tools	23	5,212	4,408
Total property, plant and equipment		**5,212**	**4,408**
Financial fixed assets			
Other long-term securities	26	0	0
Other long-term receivables	27, 41	1,483	3,648
Total financial fixed assets		**1,483**	**3,648**
Total non-current assets		**185,881**	**183,820**
Current assets			
Inventories			
Finished goods and goods for sale	28	40,406	27,231
Current receivables			
Accounts receivable	29	1,557	6,540
Other receivables		3,956	11,153
Prepaid expenses and accrued income	30	5,210	6,446
Total current receivables		**10,723**	**24,140**
Cash and cash equivalents		**1,721**	**3,885**
Total current assets		**52,850**	**55,255**
TOTAL ASSETS		**238,732**	**239,074**

(KSEK)	Note	Group 2022	Group 2021
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Share capital	39	138,368	129,395
Other capital contributed	39	1,326,277	1,324,868
Translation reserves	39	-34,559	-14,325
Earnings brought forward		-1,319,089	-1,295,422
Equity attributable to the shareholders of Anoto Group AB		**110,997**	**144,515**
Non-controlling interest		-19,346	-11,768
Total Equity		**91,650**	**132,748**
Non-current liabilities			
Long-term interest-bearing liabilities	34	14,627	0
Other non-current liabilities		498	0
Total non-current liabilities/provisions		**15,125**	**0**
Current liabilities			
Provisions for product warranties	31	219	3,656
Short-term interest-bearing liabilities	34	57,538	41,644
Accounts payable		41,979	38,443
Advance payments from customers		2,362	2,572
Other liabilities		6,345	5,073
Accrued expenses and deferred income	32	23,513	14,938
Total current liabilities		**131,957**	**106,327**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**238,732**	**239,074**

CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Note	Group 2022	Group 2021
OPERATING ACTIVITIES			
Net earnings for the year		-30,903	-40,223
Items not affecting cash flow:			
Depreciation, amortization and impairment of assets	14,18-23	14,235	13,921
Other items	40	-34,793	-19,837
Cash flow from operating activities before change in working capital		**-51,461**	**-46,140**
Cash flow from change in working capital			
Change in operating receivables		4,983	606
Change in inventories		-13,176	-12,528
Change in operating assets		7,450	-3,337
Change in operating liabilities		24,251	22,375
Total change in working capital		**23,509**	**7,117**
Cash flow from operating activities		**-27,952**	**-39,022**
Cash flow from investment activities			
Capitalized development expenditures	18	-1,404	-5,702
Patents	19	-954	-1,045
Other	20,21	-57	-141
Equipment and tools	23	-2,020	-563
Repaid deposits	27	2,164	441
Cash flow from net investment activities		**-2,271**	**-7,009**
Total cash flow before financing activities		**-30,223**	**-46,032**
Financing activities			
New share issue		11,201	27,000
Loan Proceeds	36	25,233	25,300
Repaid financial liabilities	36	-8,730	-4,764
Cash flow from financing activities		**27,703**	**47,535**
Cash flow for the year		**-2,520**	**1,504**
Cash and cash equivalents at the beginning of the year		3,885	2,128
Effect of exchange rate change on cash		354	253
Cash and cash equivalents at the end of the year	40	**1,721**	**3,885**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(KSEK)	Share capital	Ongoing share issue	Other Capital Contributed	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 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	-2003	-11,603
Total comprehensive income/cost for the year				**-9,599**	**-33,557**	**-43,156**	**-8670**	**-51,826**
New share issue	23,025	-5,025	9,000	-	3,490	30,490	-	30,490
Issuance cost	-	-	-1,676	-	-	-1,676	-	-1,676
Shareholders´ equity 31 December 2021	**129,395**	**0**	**1,324,868**	**-14,325**	**-1,295,422**	**144,516**	**-11,768**	**132,748**
Shareholders´ equity 01 January 2022	**129,395**	**0**	**1,324,868**	**-14,325**	**-1,295,422**	**144,516**	**-11,768**	**132,748**
Profit/loss for the year	-		-	-	-24,744	-24,744	-6,159	-30,903
Other comprehensive income	-		-	-20,234	-	-20,234	-1,419	-21,653
Total comprehensive income/cost for the year				**-20,234**	**-24,744**	**-44,978**	**-7,578**	**-52,557**
New share issue	8,972		2,228		1,078	12,278	-	12,278
Issuance cost	-		- 819		-	- 819	-	- 819
Shareholders´ equity 31 December 2022	**138,368**	**0**	**1,326,277**	**-34,559**	**-1,319,089**	**110,997**	**-19,346**	**91,650**

Reported net after issuance costs and tax

INCOME STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2022	Parent Company 2021
Net sales		10,246	11,198
Gross profit/loss		**10,246**	**11,198**
Administrative expenses	8,9,10,11,14,33	-9,643	-14,003
Operating profit/loss		**603**	**-2,805**
Results from financial items			
Profit/loss on shares in group companies	15	0	-1,374
Interest and similar income	16	100,694	19,348
Interest and similar expenses	16	-101,226	-1,578
Profit/loss before taxes		**71**	**13,592**
Taxes	17	0	286
Profit/loss for the year		**71**	**13,878**

BALANCE SHEET – PARENT COMPANY

(KSEK)	Note	Parent Company 2022	Parent Company 2021
ASSETS			
Non-current assets			
Intangible fixed assets			
Brands	20	0	0
Capitalized development expenditures	21	510	849
License	21	4387	4687
Total intangible fixed assets		**4,897**	**5,536**
Financial fixed assets			
Other long-term receivables		0	87
Other long-term securities	26	0	0
Shares in group companies	24	9,156	9,156
Receivables - group companies	25	507,774	467,816
Total financial fixed assets		516,930	477,059
Total non-current assets		**521,827**	**482,595**
Current assets			
Receivables - group companies		71,565	3,481
Other receivables		0	9
Prepaid expenses and accrued income	30	2,575	2,540
Total current receivables		**74,140**	**6,030**
Cash and bank balances		**613**	**219**
Total current assets		**74,753**	**6,249**
TOTAL ASSETS		**596,580**	**488,844**

(KSEK)	Note	Parent Company 2022	Parent Company 2021
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Restricted equity			
Share capital	39	138,367	129,395
Reserve for development expenses in equity		510	849
Statutory reserve		123,031	123,031
Total restricted equity		**261,908**	**253,275**
Non restricted equity			
Share premium reserve		728,604	726,118
Earnings brought forward		-531,188	-531,598
Total non-restricted equity		**197,416**	**194,519**
Total equity		**459,324**	**447,794**
Non-current liabilities			
Other long-term to group companies		98,602	2,653
Total Non-current liabilities		**98,602**	**2,653**
Current liabilities			
Accounts payable		8,034	6,516
Liabilities to group companies		1,154	3,481
Other liabilities		21,091	24,435
Accrued expenses and prepaid income	32	8,375	3,965
Total current liabilities		**38,654**	**38,397**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**596,580**	**488,844**

CASH FLOW STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2022	Parent Company 2021
OPERATING ACTIVITIES			
Profit after financial items		71	13,878
Items not affecting cash flow:			
Depreciation and amortization of assets	14, 18-23	639	1,640
Impairment of shares in group companies	15	0	1,364
Other items	40	258	1,914
Cash flow from operating activities before change in working capital		**968**	**18,796**
Cash flow from change in working capital			
Change in operating receivables		16,883	-25,495
Change in operating liabilities		2,927	10,262
Total change in working capital		**19,810**	**-15,234**
Cash flow from operating activities		**20,778**	**3,562**
Investment activities			
Contribution in Capital in Group Companies		0	-2,200
Financial assets		87	0
Cash flow from investment activities		**87**	**-2,200**
Total cash flow before financing activities		**20,865**	**1,362**
Financing activities			
New share issues		11,201	27,000
Loan Proceeds		1,150	19,275
Repayment of financial liabilities		-5,000	0
Long term receivable group companies		-27,822	-47,444
Cash flow from financing activities		**-20,471**	**-1,170**
Cash flow for the year		**394**	**192**
Cash and cash equivalents at beginning of the year		219	26
Cash and cash equivalents at end of the year	40	**613**	**219**

CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

	Restricted Equity				Unrestricted Equity		
(KSEK)	Share capital	Ongoing share issue	Reserve for development expense in equity	Statutory reserve	Share premium	Earnings brought forward	Total Equity
Shareholders´ equity 01 January 2021	**106,370**	**5,025**	**1,189**	**123,031**	**715,304**	**-545,906**	**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**
Capitalized development expenditure			0			0	
Amortization for the year			-340			340	
New share issue	23,025	-5,025		-	10,814	-	28,814
Shareholders´ equity 31 December 2021	**129,395**	**-**	**849**	**123,031**	**726,118**	**-531,599**	**447,794**
Total profit/loss for the year	-	-		-	-	71	71
Total comprehensive income/cost for the year	-	**-**		**-**	**-**	**71**	**71**
Capitalized development expenditure			0			0	
Amortization for the year			-340			340	
New share issue	8,972	-		-	2,487	-	11,459
Shareholders´ equity 31 December 2022	**138,367**	**-**	**510**	**123,031**	**728,604**	**-531,188**	**459,324**

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, 2023. 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, 2023.

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 impairment annually using the 'expected credit loss (ECL) approach. Credit losses are the difference between the present value (PV) of all contractual cashflows and the PV of expected future cash flows. The present values are discounted at the original effective interest rate. ECLs are then calculated using the weighted average of credit losses with the respective risks of a default occurring as the weights.

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.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

The Group evaluates the categorisation of its fair value measurements within the fair value hierarchy on a regular basis at the end of the reporting period. There were no transfers recognised in the fair value hierarchy between Levels 1 and 2 and no transfers into or out of Level 3 fair value measurements during 2022 and 2021.

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 29 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 33 “Share based payments to employees” and Note 38 "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. Amounts not allocated to segments consists of operating expenses, assets, and liabilities of non-revenue generating, SG&A subsidiaries and consolidation adjustments, which are not attributable to any particular segment.

The total presented for the Group´s operating segments reconcile to the financial figures as presented in this financial statement as follows. There is no reportable revenue for the parent company.

(KSEK)	Group 2022	Group 2021
Revenues		
Total Reportable Segment reporting	106,526	94,436
Elimination of intersegment revenues	-37,165	-22,705
Group Revenues	**69,362**	**71,730**
Profit and Losses		
Total Reportable Segment reporting	-134,523	-154,417
Other expenses not allocated	-19,222	2,838
Elimination of intersegment Profit	37,165	22,705
Group Operating Profit	**-47,219**	**-57,143**
Financial costs	-21,252	-2,126
Finance income	37,484	18,764
Group Profit before taxes	**-30,987**	**-40,506**

(KSEK)	Group 2022	Group 2021
Assets		
Total Reportable Segment Assets	109,165	125,183
Other Assets	129,567	113,892
Group Assets	**238,732**	**239,075**

(KSEK)	Group 2022	Group 2021
Liabilities		
Total Reportable Segment Liabilities	99,362	96,141
Other Liabilities	47,720	10,187
Group Liabilities	**147,082**	**106,328**

	For the year ended 31 December 2022					
(KSEK)	**Enterprise Forms**	**Livescribe**	**OEM**	**KAIT**	**Other**	**Total**
Revenue						
From external customers	14,212	27,598	27,263	288	-	69,362
From other segments	3,984	740	32,441	-	-	37,165
Segment Revenue	18,196	28,338	59,704	288	-	106,526
Costs of Goods Sold	1,121	14,184	10,871	284	-	26,460
Operating Expenses	3,883	24,442	16,939	25,634	19,222	90,120
Segment Operating Profit	13,193	-10,288	31,894	-25,631	-19,222	-10,054
Segment Assets	29,548	26,933	49,204	3,480	129,567	238,732
Segment Liabilities	7,290	8,223	43,858	39,992	47,720	147,082

(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
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

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 no 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 132 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 2022 to MSEK 2 (4). 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):

2022:

	0-3 months	4-6 months	7-12 months	1-5 years
Borrowings	45,852	150	10,492	14,183
Long terms Liabilities	0	0	0	498
Lease Liabilities	368	371	306	445
Accounts payable	41,979	0	0	0
Other current liabilities	32,440	0	0	0

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

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	(+/-) 7.7 MSEK
EUR	(+/-) 0.0 MSEK
GBP	(+/-) 1.1 MSEK
KRW	(+/-) 0.8 MSEK
SGD	(+/-) 0.2 MSEK
CAD	(+/-) 0.0 MSEK
JOD	(+/-) 0.2 MSEK

Translation exposure

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

USD	(+/-) 15.9 MSEK
EUR	(+/-) 0.0 MSEK
GBP	(+/-) 5.6 MSEK
KRW	(+/-) 5.3 MSEK
SGD	(+/-) 0.5 MSEK
CAD	(+/-) 0.0 MSEK
JOD	(+/-) 0.2 MSEK

Interest risk

Interest rates and interest rate risk have increased substantially this year amid the highly uncertain global environment, namely the war in Ukraine. The Group's interest-bearing loans and borrowings have fixed interest rates, with no expectations of receiving loans at higher interest rates in the near future. Management therefore does not consider interest risk a significant exposure at this writing. Details of interest-bearing liabilities are set out in note 34.

Other Price risk

The Group carries other long term investments at fair value. At December 31, 2022, 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 29. Expected loss rates are based on the payment profile for sales over the past 24 months before 31 December 2022, as well as the corresponding historical credit loss during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. The financial credit risk is managed as part of the Group's finance policy. For other financial instruments, it is assessed that no significant credit risks exist.

NOTE 5 – Net sales and assets

Group sales by revenue type

(KSEK)	2022	2021
Hardware	41,137	58,883
Software & non-hardware revenue	28,224	12,848
Total	**69,362**	**71,730**

Group sales per market and per product group

(KSEK)	Enterprise Forms	Livescribe	OEM	KAIT	Total
Sweden	593	788	-	-	1,381
EMEA	4,004	4,603	-	-	8,608
Americas	4,582	22,125	-	54	26,762
APAC	5,033	82	27,091	406	32,611
31 December 2022 Total	**14,212**	**27,598**	**27,091**	**460**	**69,362**

(KSEK)	Enterprise Forms	Livescribe	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**

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.

In 2022, the Group had one customer who comprised more than 10% of the Group's total revenue for the year – Samsung Display Company Ltd.   Samsung contracted Anoto in the development of a new digital screen pen, which resulted in 16MSEK of professional services revenue for our Korean (OEM) segment during the year.

Group assets per market

(KSEK)	Intangible assets		Tangible assets	
	2022	2021	2022	2021
Sweden	145,346	136,850	7	-
US	6,558	5,629	1,590	1,227
UK	7,988	9,058	147	292
Korea	19,295	24,228	3,412	2,836
Singapore	-	-	16	37
Canada	-	-	11	13
Portugal	-	-	0	3
Jordan	-	-	28	-
Total	**179,186**	**175,764**	**5,212**	**4,408**

NOTE 6 – Average number of employees

	2022 No. of Ee's	2022 Of which are Men	2021 No. of Ee's	2021 Of which are Men
Group companies:				
Sweden	1	1	1	1
US	3	0	6	3
Korea	19	13	21	14
UK	0	0	1	1
Singapore	2	1	2	1
Portugal	0	0	1	0
Canada	1	0	1	0
Jordan	10	9	0	0
Total	**36**	**25**	**33**	**20**

The parent company has no employees

NOTE 7 – Board of Directors and management split by gender

	2022 No. of Ee's	2022 Of which are Men	2021 No. of Ee's	2021 Of which are Men
Board of Directors Parent company	4	4	3	3
Board of Directors Group companies	6	6	6	6
Total Board	**10**	**10**	**9**	**9**
Management Group companies	2	2	2	2
Total Management	**2**	**2**	**2**	**2**

NOTE 8 – Salaries and remuneration

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Salaries				
Board of Directors and CEO	6,750	7,885	1,500	1,335
Other senior executives	1,564	1,499	-	-
Other employees Sweden	341	773	-	-
Other employees US	2,668	9,973	-	-
Other employees UK		771	-	-
Other employees Korea	10,625	626	-	-
Other employees Portugal		396	-	-
Other employees Singapore	546	323		
Other employees Canada	410	358	-	-
Other employees Jordan	3,330	-	-	-
Total salaries	**26,234**	**22,604**	**1,500**	**1,335**
Payroll overhead				
Board of Directors and CEO	977	2,901	902	2,822
Other senior executives	199	489	52	348
Other employees Sweden	123	47	16	57
Other employees US	940	962		
Other employees UK		59		
Other employees Korea	1,494	1,386	109	142
Other employees Portugal	20	123		
Other employees Singapore	15	61		
Other employees Canada	61	149		121
Other employees Jordan	549			
Total payroll overhead	**4,378**	**6,176**	**1,078**	**3,490**
Pension expenses				
Other employees US	-	-	-	-
Other employees UK		42	-	-
Other employees Korea	767	282	-	-
Total pension expenses	**767**	**325**	**-**	**-**
Total salaries and remunerations	**31,379**	**29,105**	**2,578**	**4,825**
Whereof:				
Sweden	2,866	4,976	2,578	4,825
US	3,608	13,004	-	-
UK		872	-	-
Korea	14,649	4,282	-	-
Portugal	20	520	-	-
Singapore	5,886	4,945	-	-
Canada	471	507	-	-
Jordan	3,879		-	-
Total	**31,379**	**29,105**	**2,578**	**4,825**

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

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Selling expenses	9,509	8,185	-	-
R&D expenses	4,950	4,928	-	-
Administrative expenses	16,920	15,992	2,578	4,825
Total	**31,379**	**29,105**	**2,578**	**4,825**

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

Board and CEO 2022	(KSEK)	Salary/ Remuneration Remuneration	Bonus	Pension	Other Remuneration	Total
Joonhee Won	CEO	5,250			395	5645
Jorgen Durban	Chairman of the Board	600			501	1101
Anders Sjogren	Board Member	300			0	300
Dennis Song	Board Member	300			0	300
Hyun Yong Kim	Board Member	300			0	300
Total[1)]		**6,750**	**0**	**0**	**896**	**7,646**

Board and CEO 2021	(KSEK)	Salary/ 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			0	300
Total [1)]		**7,751**	**-**	**-**	**2,822**	**10,573**

Management 2022 (KSEK)	Salary / Remuneration	Bonus	Pension	Other Remuneration	Total
Group management [2)]	1,564			52	1,616
Total	**1,564**	**-**	**-**	**52**	**1,616**

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

[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 2022)

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 2022	Group 2021	Parent company 2022	Parent company 2021
Grant Thornton				
Audit assignment, Grant Thornton	-	1,461	-	1,461
Audit activities other than audit assignment	-	477	-	477
Tax advisory services	-	-	-	-
Other services	-	-	-	-
Total	**-**	**1,937**	**-**	**1,937**
BDO				
Audit assignment, BDO	2,502	1,971	2,502	1,971
Audit activities other than audit assignment	25	-	25	-
Tax advisory services	-	-	-	-
Other services	-	-	-	-
Total	**2,527**	**1,971**	**2,527**	**1,971**
Other auditors				
Audit assignment, other auditors	148	82	-	-
Tax advisory services	382	767	92	85
Total	**531**	**849**	**92**	**85**
Total	**3,057**	**4,757**	**2,618**	**3,994**

NOTE 11 – Operating costs by type

(KSEK)	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
Cost of goods sold		-26,460	-33,149	-	-
Personnel cost	8	-31,379	-29,105	-1,078	-3,490
External services		-25,270	-26,901	-5,224	-6,872
Rent		-1,772	-637	-473	-254
Travel expenses		-3,622	-2,448	-1,448	-1,045
Marketing and PR		-5,207	-2,100	0	0
Depreciation and amortisation	14	-14,235	-13,921	-639	-1,640
Impairment	14	0	0	-	-
Other expenses		-12,916	-14,595	-781	-701
Total		**-120,861**	**-122,857**	**-9,643**	**-14,003**

NOTE 12 – Other operating income

(KSEK)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Exchange gains	14,618	73	-	-
Other operating income	1,470	25	-	-
Total	**16,088**	**99**	**-**	**-**

NOTE 13 – Other operating costs

(KSEK)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Other operating expenses[1]	-10,894	-5,676	-	-
Loss on Sales of Fixed Assets	-912	-440	-	-
Exchange losses	-	-	-	-
Total	**-11,806**	**-6,116**	**-**	**-**

[1)] Includes other expensed research and development costs and other minor operating expenses that do 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 2022	Group 2021	Parent company 2022	Parent company 2021
Amortization intangible fixed assets				
Administrative expenses	-12,036	-11,677	-639	-1,640
Total amortization intangible fixed assets	**-12,036**	**-11,677**	**-639**	**-1,640**
Depreciation tangible fixed assets				
Administrative expenses	-2,199	-2,243	-	-
Total depreciation tangible fixed assets	**-2,199**	**-2,243**	**-**	**-**
Impairment intangible fixed assets				
Administrative expenses	0	0	-	-
Total impairment intangible fixed assets	**0**	**0**	**-**	**-**
Total amortization, depreciation and impairment	**-14,235**	**-13,921**	**-639**	**-1,640**

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 2022	Parent company 2021
Impairment of shares [1)]	0	-1,364
Total	**0**	**-1,364**

[1)] 2021 amount related to write down of shares in XMS

NOTE 16 – Financial income and expenses

(KSEK)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Financial income				
Interest from Group companies	-	-	7,622	7,165
Exchange gains	37,484	18,764	93,072	12,183
Total financial income	**37,484**	**18,764**	**100,694**	**19,348**
Financial expenses				
Interest expenses on loans	-5,875	-1,681	-3,757	-1,540
Interest expenses on leases	-37	-41	-	-
Loss at valuation to fair value of investment[1)]	0	-10	-	-
Other financial expenses[2)]	-443	-238	-97,468	-38
Exchange losses	-14,898	-157	-	-
Total financial cost	**-21,252**	**-2,126**	**-101,226**	**-1,578**
Total financial net income/(expense)	**16,231**	**16,637**	**-531**	**17,770**

[1)] The long-term investment in SMARK Limited has been valued at fair market price in active markets.
[2)] 2022 amount in the parent company comprised primarily of other expense (-97.5 MSEK) booked in parent company and other income (97.5 MSEK) booked in Swedish subsidiary Anoto AB for income tax planning purposes.

NOTE 17 – Income taxes and deferred taxes

(KSEK)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Deferred income tax	84	283	0	286
Total	**84**	**283**	**0**	**286**

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

(KSEK)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Reported profit/(loss) before tax	-30,987	-40,506	71	13,592
Tax in accordance with current tax rate of 20,6% (20,6%)	6,383	8,344	-15	-2,800
Tax impact of non-deductible expenses	10	-	10	2,569
Tax impact of non-taxable income	-	39	-	-
Increase/decrease of tax deficits without corresponding capitalization	-6,310	-8,100	4	518
Tax reported	**84**	**283**	**0**	**286**

Tax deficit

(KSEK)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening balance Swedish companies	-1,158,060	-1,200,031	-246,598	-260,190
Opening balance foreign companies	-1,369,175	-1,418,320	-	-
Tax deficit of the year Swedish companies	-23,588	41,970	71	13,592
Tax deficit of the year foreign companies	-201,877	49,144	-	-
Closing tax deficit	**-2,752,700**	**-2,527,236**	**-246,526**	**-246,598**
Nominal amount, tax asset 20.6% Swedish companies	**567,056**	**520,611**	**50,784**	**50,799**

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 2022	Group 2021	Parent Company 2022	Parent Company 2021
Accumulated historical cost				
Opening accumulated historical cost	153,098	147,396	-	-
Capitalization for the year [1]	1,404	5,702	-	-
Translation difference	611	-	-	-
Closing accumulated historical cost	**155,113**	**153,098**	**-**	**-**
Accumulated amortization				
Opening accumulated amortization	-46,553	-36,819	-	-
Amortization for the year according to plan	-11,523	-9,734	-	-
Closing accumulated amortization	**-58,076**	**-46,553**	**-**	**-**
Accumulated impairment losses				
Opening accumulated impairment losses	-55,963	-55,963	-	-
Impairment losses for the year [2]	-3,386	-	-	-
Closing accumulated impairment losses	**-59,349**	**-55,963**	**-**	**-**
Closing residual value	**37,687**	**50,581**	**-**	**-**

1) Internally developed
2) Consists of several capitalized and in-progress R&D projects that were discontinued during the year, including new hardware accessories, the first-generation Echo pen, and a new solution for Enterprise customers. Impairment losses were booked as other expenses in our Korean entity.

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 – 3,590 KSEK – 0.5 years remaining
KAIT AI – 4,704 KSEK – 2 years remaining
Livescribe+ App –3,630 KSEK – 2 years remaining
Echo2 – 6,867 KSEK – 4 years remaining

Remaining portion 18,896 KSEK is made up of non-significant projects (553 KSEK) and projects in-progress (18,343 KSEK). Projects in-progress mainly consists of 3 projects, which are expected to launch in Q2 2023 and includes new hardware and software solutions for both B2B and B2C business lines.

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 2022 and did not require additional 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 2022	Group 2021	Parent Company 2022	Parent Company 2021
Accumulated historical cost				
Opening accumulated historical cost	79,247	78,202	13,996	13,996
Acquisitions	954	1,045	-	-
Translation difference	-34	-	-	-
Closing accumulated historical cost	**80,167**	**79,247**	**13,996**	**13,996**
Accumulated amortization				
Opening accumulated amortization	-75,968	-75,728	-13,996	-13,996
Amortization for the year according to plan	-90	-240	0	0
Closing amortization	**-76,059**	**-75,968**	**-13,996**	**-13,996**
Closing residual value	**4,108**	**3,279**	**0**	**0**

The group reviews the carrying value of patents on a regular basis and recognises an impairment loss where the residual value exceeds the estimated recoverable amount.
Amortization by function is shown in note 14.

NOTE 20 – Brands

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Accumulated historical cost				
Opening accumulated historical cost	2,539	2,398	104	104
Acquisitions	57	141		
Translation difference	183			
Closing accumulated historical cost	**2,596**	**2,539**	**104**	**104**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-2,284	-2,089	-104	-100
Amortization for the year according to plan	-72	-195	0	-4
Closing amortization and impairment losses	**-2,357**	**-2,284**	**-104**	**-104**
Closing residual value	**239**	**255**	**0**	**0**

Amortization by function is shown in note 14.

NOTE 21 – Other intangible assets

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Accumulated historical cost				
Opening accumulated historical cost	58,853	58,853	7,511	7,511
Acquisition of License	-	-	-	-
Translation difference	-	-	-	-
Closing accumulated historical cost	**58,853**	**58,853**	**7,511**	**7,511**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-53,995	-51,998	-1,976	-340
Amortization for the year according to plan	-350	-1,403	-639	-1,636
Translation difference	12	-594	-	-
Closing amortization and impairment losses	**-54,333**	**-53,995**	**-2,614**	**-1,976**
Closing residual value	**4,519**	**4,857**	**4,897**	**5,536**

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

NOTE 22 – Goodwill

(KSEK) **2022**	Livescribe	Anoto Korea	Total
Accumulated historical cost 2022			
Opening accumulated historical cost	107,051	36,899	143,950
Translation differences	16,494	3,348	19,842
Closing accumulated historical cost 2022	**123,545**	**40,247**	**163,792**
Opening accumulated impairment losses	-27,158	-	-27,158
Translation differences	-4,184	-	-4,184
Impairment losses for the year	-	-	-
Closing accumulated impairment losses 2022	**-31,342**	-	**-31,342**
Closing net balance 2022	**92,203**	**40,247**	**132,450**

(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**

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 2022 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 22.41% (24.9%) 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 internal sales in Anoto Korea's 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 of 22.41% reflects uncertainties caused by the continued effects of COVID, the Russia/Ukraine war, and the resulting highly uncertain global environment reflected in rising interest rate. It is also 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	Cost increases have been forecasted for each cash generating unit in line with increases in revenue and in consideration of inflation.
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. Increases in gross profit and costs are shown in intervals as the forecasted increases are varied across forecasted years.

(KSEK)	Livescribe Assumed Value	Livescribe Changed Value	Anoto Korea Assumed Value	Anoto Korea Changed Value
2022				
Perpetual growth rate	2.00%	2.00%	2.00%	2.00%
Discount rate before tax	22.41%	24.50%	22.41%	28.15%
Gross Profit	24%-57%	40%	17%-77%	10%
Cost increase	0%-52%	20%	0%-73%	25%

(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%

NOTE 23 – Equipment and tools

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Accumulated historical cost				
Opening accumulated historical cost	62,232	61,669	-	-
Additions for the year	2,528	563	-	-
Translation difference	404	-	-	-
Closing accumulated historical cost	**65,163**	**62,232**	**-**	**-**
Accumulated depreciation and impairment				
Opening accumulated depreciation	-57,824	-52,140	-	-
Depreciation for the year according to plan	-2,199	-3,223	-	-
Sales of Fixed Assets	-912	-2,460	-	-
IFRS 16 Adjustment	983	-	-	-
Closing depreciation and impairment losses	**-59,952**	**-57,824**	**-**	**-**
Closing residual value	**5,212**	**4,408**	**-**	**-**

NOTE 24 – Participation in Group companies

(KSEK)	Parent Company 2022	Parent Company 2021
Opening balance acquisition cost	9,156	8,320
Additions for the year	0	2,200
Impairment loss for the year	0	-1,364
Total	**9,156**	**9,156**

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%	6,243	2,145
XMS Penvision AB	556708-4685	Stockholm	611,731	93.20%	1,057	836
Anoto Korea Inc. [1)]	129-86-60962	Seongnam	20,000,000	100%	-111,440	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 Holdings Pte Ltd	Singapore	Singapore	Operational	Anoto AB	77.8%
KAIT US	Boston	USA	Operational	KAIT Holdings Pte Ltd	100%
KAIT Singapore	Singapore	Singapore	Operational	KAIT Holdings Pte Ltd	100%
KAIT Ltd	London	UK	Operational	KAIT Holdings Pte Ltd	100%

NOTE 25 – Receivables in Group companies

(KSEK)	Parent Company 2022	Parent Company 2021
Anoto AB	352,932	298,109
Anoto Inc.	37,753	33,376
Anoto LTD	3,474	7,010
Anoto Korea	34,878	45,641
Livescribe Inc.	51,863	64,377
Anoto Singapore	93	1,213
Anoto Portugal	1,725	1,357
KAIT US	25,049	16,868
Anoto Canada	1	-229
XMS	5	5
KAIT SG	1	89
Total	**507,774**	**467,817**

The parent company has significant receivables from subsidiaries. Impairment testing of receivables is performed for each subsidiary annually or more frequently when an indication of a decline in value occurs. No impairment was assessed for 2022.

NOTE 26 – Other long-term securities

(KSEK)	Group 2022	Group 2021	Parent 2022	Parent 2021
Opening balance	0	10	0	10
Losses at valuation to fair value of investment [1)]	0	-10	0	-10
Total	**0**	**0**	**0**	**0**

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

NOTE 27 – Other long-term Receivables

(KSEK)	Group 2022	Group 2021	Parent 2022	Parent 2021
Opening balance	3,648	1,465	87	87
Additions	1,277	-	-	-
Reclassification	-2,861	2,623	-	-
Settlements	-579	-441	-87	-
Total	**1,483**	**3,648**	**0**	**87**

2022 amount includes reclassification of pledge assets of 2,861 from other long-term receivables to prepaid expenses and offset of AP liability related to the Green Mango litigation, for further details, see note 41. Other amounts included in this note are deposits.

NOTE 28 – Inventory

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Raw material (components)	4,909	12,581	-	-
Finished goods	35,497	14,650	-	-
Total	**40,406**	**27,231**	**-**	**-**

In 2022, a total of COGS 26,460 KSEK (2021: COGS 33,149 KSEK) of inventory was included in profit and losses as an expense. During the year, upon the transition to our new manufacturer, there was also a one-off write off of obsolete raw material totalling 5,009 KSEK, which is included in other operating expenses.

NOTE 29 – Accounts receivable

(KSEK)	2022 Gross	2022 Net	2022 Provision %	2021 Gross	2021 Net	2021 Provision %
Not due	2,196	1,449	34%	4,079	4,079	0%
Due 1 - 30 days	568	104	82%	498	498	0%
Due 31 - 60 days	67	0	100%	227	227	0%
Due 61 - 90 days	284	-2	101%	128	124	3%
Due more than 90 days	1,190	5	100%	15,868	1,612	90%
Total	**4,304**	**1,557**	**64%**	**20,800**	**6,540**	**69%**

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

The provision for doubtful receivables amounts to KSEK 2,747 (14,260).

Changes in the allowance for doubtful accounts during the fiscal years ended December 31, 2022 and 2021 were as follows:

(KSEK)	2022	2021
Loss allowance as at 1 January calculated under IAS 39	14,260	13,180
Opening loss allowance as at 1 January	14,260	13,180
Loss Allowance recognised during the year	-563	3,040
Receivables written off during the year	-10,950	-1,960
Loss allowance as at 31 December	**2,747**	**14,260**

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.

Concentration of credit risk	2022 Number of customers	2022 % Total number of customers	2022 % Share of value	2021 Number of customers	2021 % Total number of customers	2021 % Share of value
Exposure < 1 MSEK	34	92%	76%	84	97%	43%
Exposure 1-10 MSEK	3	8%	24%	3	3%	57%
Exposure > 10 MSEK	0	0%	0%	0	0%	0%
Total	**37**	**100%**	**100%**	**87**	**100%**	**100%**

NOTE 30 – Prepaid expenses and accrued income

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Prepaid rent	-	203	-	
Prepaid insurance	741	551	573	539
Prepaid software licenses	354	789	17	16
Prepaid legal fees	9	-	-	
Prepaid contractor fee	1,881	2,293		1,985
Prepaid manufacturing costs	1,985	2,213	1,985	-
Other	241	397		-
Total	**5,210**	**6,446**	**2,575**	**2,540**

NOTE 31 – Provisions for product warranty commitments

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Opening balance	3,656	1,151	-	-
New provisions	214	1,920	-	-
Unutilized amount returned	-3,650	585	-	-
Total	**219**	**3,656**	**-**	**-**

Provisions for product warranty commitments relate essentially to the sale of pens during 2022 and 2021. 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 32 – Accrued expenses and deferred income

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Accrued employee compensation and benefits	5,917	5,610	0	-
Accrued royalties and interest	5,863	3,787	4,696	-
Accrued board compensation	3,665	2,165	3,665	-
Deferred income	4,309	910	0	-
Other services and goods	3,759	2,467	14	3,965
Total	**23,513**	**14,938**	**8,375**	**3,965**

Revenue recognized in 2022 that was included in contract liability (deferred income) balance at the beginning of the period KSEK 910.

NOTE 33 – Share-based payments to employees

Option Program

As of December 31, 2022, 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 and expired on August 31, 2022. As of December 31, 2022, there were zero 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 2022, there were 5,556,581 options outstanding.

In Q3 2022, an incentive scheme for senior executives was adopted that comprises a maximum of 14,000,000 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 20 June 2022 up to and including 4 July 2022. The maximum number of stock options to be allocated to the CEO (Joonhee Won) and Chairman of the Board (Jorgen Durban) is 7,000,000 each. The vesting period for the issued options are as follows: the options vest on a pro rata basis, with 1/36 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. As of 31 December 2022, there were 14,000,000 options outstanding.

Grant Date	Strike Price	Expiry	Number of Options 2022	2021
5/15/2018	4.08	8/31/2022	-	17,950,843
6/30/2021	1.06	6/29/2026	3,400,000	3,700,000
8/19/2021	1.06	3/5/2025	2,156,581	2,156,581
7/17/2022	0.81	7/16/2027	14,000,000	-

	2022		2021	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
As at 1 January	3.34	23,807,424	4.53	20,525,613
Granted during the year	0.81	14,000,000	1.06	5,856,581
Exercised during the year	-	-	-	-
Forfeited during the year	4.03	-18,250,843	-7.67	-2,574,770
As at 31 December	0.88	19,556,581	3.34	23,807,424
Vested and exercisable at 31 December		5,801,025		18,618,899

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 0.9 and 2.11 for the 2021 and 2022 programs, respectively. As at December 31, 2022, the value of outstanding options amounts to KSEK 2,962 (18,909). A total of KSEK 1,078 (3,490) has been charged as personnel costs in the income statement. This amount does not include social security cost.

Anoto

NOTE 34 – Interest bearing liabilities

(KSEK)	Nominal interest	Maturity	2022 Nom. Value	2022 Book value	2021 Nom. Value	2021 Book value
Third party loans	2.0-12.0%	2023	70,677	70,677	41,196	41,196
Leasing	3%	2024	1,489	1,489	449	449
Total interest bearing liabilities			**72,166**	**72,166**	**41,644**	**41,644**

NOTE 35 – Leasing

The leasing cost of assets amounted to KSEK 1,402 (1,549) and interest costs amounted to KSEK 37 (41). Right-of use assets are included in the balance sheet under property, plant and equipment, and the corresponding lease liability is included in short-term and long-term interest bearing liabilities.

Changes to right-of-use assets and lease liability during the year:

(KSEK)	Right-of-Use Asset	Lease Liability
1/1/2022	**426**	**449**
Lease Expense	-1402	-1402
Remeasurement upon lease renewal [1)]	2,385	2,443
12/31/2022	**1409**	**1489**

[1)] *Lease renewal of Korea and Boston offices in Q1 2022 and Q4 2022 respectively*

Future minimum lease payments at 31 December 2022 are as follows:

	Minimum Lease Payments Due			
	Within 1 Year	**1-2 Years**	**2-3 Years**	**Total**
31-Dec-22				
Lease Payments	1,071	452	-	1,523
Finance Charges	-26	-7	-	-34
Net Present Value	**1,044**	**445**	**-**	**1,489**

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 2022
Short-term lease	808
Leases of low value assets	-
Variable lease payments	936
	1,744

NOTE 36 – 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
1/1/2022	**0**	**41,195**	**41,195**
Cash flows:			
- Repayments	-685	-8,045	-8,730
- Proceeds	796	24,437	25,233
Non-cash			
- Reclassification[1)]	14,072	-1,093	12,979
12/31/2022	**14,183**	**56,494**	**70,677**

(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**

[1)] Reclassification of unpaid salaries to CEO, Joonhee Won from current liabilities to long-term borrowings (14MSEK) in 2022

NOTE 37 – Financial instruments

Group 2022	Amortised Cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Accounts receivable and other short- and long-term receivables	3,040	-	-	-	3,040
Liquid assets, incl. current investment	1,721	-	-	-	1,721
Assets	**4,761**	**-**	**-**	**-**	**4,761**
Convertible debt and short-term loans[1)]	72,166	-	-	-	72,166
Accounts payable	41,979	-	-	-	41,979
Other liabilities	6,345	-	-	-	6,345
Liabilities	**120,490**	**-**	**-**	**-**	**120,490**

Group 2021	Amortised Cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Accounts receivable and other short- and long-term receivables	10,188	-	-	-	10,188
Liquid assets, incl. current investment	3,885	-	-	-	3,885
Assets	**14,073**	**-**	**-**	**-**	**14,073**
Convertible debt and short-term loans[1)]	41,644	-	-	-	41,644
Accounts payable	38,443	-	-	-	38,443
Other liabilities	5,073	-	-	-	5,073
Liabilities	**85,161**	**-**	**-**	**-**	**85,161**

[1)] Convertible debt comprises of 15 MSEK (20 MSEK) loan from Swedish investors secured in 2021. The investors have the right to convert the loan into equity at market price without discount, as an alternative to cash repayment. In 2022, 5 MSEK was converted to equity at the price of 0.75 SEK per share, further details of the conversion can be found in Note 39.

NOTE 38 – Related parties

Summary of related party transactions

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	**2022**	10,246	-	-	579,339	-99,756
Group company	**2021**	11,198	-	-	471,297	-6,134

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.

Related parties (KSEK)		Purchasing of goods and services	Loans
Third party	2022	43	35,959
Third party	2021	191	19,533

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 2022, the Group held short and long 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, from Inhye Kim, wife of CEO Joonhee Won and from Jorgen Durban, the Chairman of the Group's Board of Directors.

NOTE 39 – 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	2022	2021
Registered opening balance	**215,658,150**	**177,284,817**
Rights Issue, 20 January 2021 1)		8,373,333
Rights Issue, 22 February 2021 2)		9,000,000
Rights Issue, 23 February 2021 3)		21,000,000
Rights Issue, 17 January 2022 4)	6,611,186	
Loan to Shares Conversion, 7 April 2022 5)	6,666,666	
Rights Issue, 3 October 2022 6)	1,666,665	
Options to Shares Conversion, 25 November 2022 7)	9,297	
Registered closing balance	**230,611,964**	**215,658,150**
Par value (SEK)	**0.6**	**0.6**

1) Rights Issue, price SEK 0.90
2) Rights Issue, price SEK 0.90
3) Rights Issue, price SEK 0.90
4) Rights Issue, price SEK 0.78
5) Loan to Shares Conversion, price SEK 0.75
6) Rights Issue, price SEK 0.60
5) Options to Shares Conversion, price SEK 4

Equity

(KSEK)	Group 2022	Group 2021
Translation reserve		
Accumulated exchange rate differences at beginning of the year	-14,325	-4,726
Exchange rate differences for the year	-20,234	-9,599
Accumulated exchange rate differences at year end	**-34,559**	**-14,325**

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 2,497 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 2023 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 40 – Specification to Statement of Cash Flows

(KSEK)	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Cash and bank balances	1,721	3,885	613	219
Total	**1,721**	**3,885**	**613**	**219**

Other Items not affecting cash flow				
Exchange gains and losses	-37,484	-18,764	258	-
Gain/losses at valuation to fair value	354	157	0	10
Other	2,336	-1,230	0	1,904
Total	**-34,793**	**-19,837**	**258**	**1,914**

There have been no payments of interest, tax, and dividends by the Group or parent company during the year 2021 and 2022, and therefore these items have had no impact to our statement of cash flows.

NOTE 41 – 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 the first half of 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.

NOTE 42 – Events after December 31, 2022

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 April 5, 2023, Anoto announced that it is in late-stage discussions regarding a potential order of several hundred thousand pens. In order to finance a timely delivery of pens regarding the potential order and repay outstanding debt, the Board of Anoto has resolved to carry out a directed share issue and a rights issue amounting to in total approximately SEK 40 million. The rights issue is guaranteed to 50 per cent and both the directed issue and the rights issue is subject to approval by an Extraordinary General Meeting.

   Directed Issue

   The Board of Anoto has resolved on the issue of 50 million new ordinary shares with deviation from the shareholders preferential rights, raising proceeds of SEK 20 million before transaction related costs. The Directed Issue is subject to the approval by the EGM, which is scheduled to be held on 4 May 2023. The new shares have been subscribed for by Beof Company Ltd. a Korean company affiliated with Mr. KC Kim., who was previously associated with AIITONE Co Ltd, the largest shareholder of Anoto. The reason for the deviation from the shareholders' preferential rights is that the Company is in great need of capital and the Board of Anoto assesses that the expected issue proceeds in a time and cost-effective manner enable the Company to (i) ensure repayment of overdue loans, and (ii) ensure financing of components in order to enable the delivery of digital pens according to a potential order that the Company is currently negotiating with a government in the Middle East. Furthermore, the Directed Issue enables the Company to carry out the below described Rights issue with a guarantee undertaking from Beof Company Ltd of SEK 10 million. The subscription price has been determined based on the closing price of the Company's ordinary share on Nasdaq Stockholm on April 4, 2023 of SEK 0.39 per share, which means that the subscription price corresponds to a premium of approximately 2.6 percent.

The new shares in the Directed Issue corresponds to approximately 15.1 percent of the total number of shares in the Company after dilution also including the new shares issued in the Rights Issue (see below).

Rights issue

The Board of Anoto has resolved on a new issue of ordinary shares with preferential rights for the existing shareholders, raising proceeds of approximately SEK 20 million before transaction related costs. The Rights Issue is subject to the approval by the EGM, which is scheduled to be held on 4 May 2023.

In the Rights Issue, Anoto's current shareholders will have a preferential right to subscribe for new shares in proportion to the number of shares held on the record date, which is expected to be 10 May 2023. The subscription price has been set to SEK 0.40 per share and the Rights Issue comprises approximately 50 million ordinary shares.

Shares which are subscribed for without preferential rights will be offered to current shareholders and other investors who have applied to subscribe for new shares without preferential rights. The subscription period is expected to run from 12 May 2023 to 26 May 2023. The new shares in the Rights Issue corresponds to approximately 15.1 percent of the total number of shares in the Company after dilution also including the new shares issued in the Directed Issue.

Subscription undertakings, guarantee commitments and voting commitments

Subject to the approval by the EGM, Beof Company Ltd. has guaranteed SEK 10 million, corresponding to approximately 50 per cent of the Rights Issue, subject to customary conditions. No commission will be paid in respect of the guarantee undertaking. The guarantee commitment are not secured through a bank guarantee, blocked funds, or pledge of collateral or similar arrangement.

Extraordinary General Meeting
The Issues is subject to approval by the EGM to be held on 4 May 2023. Notice to the EGM will be published separately on or around 5 April 2023 and will be available on www.anoto.com.

Prospectus
Information regarding the listing of the shares in the Issues, as well as other information regarding the Company, will be provided in the prospectus that is planned to be published in May 2023. The Prospectus which will be published on the Company's website (www.anoto.com).

2. On April 5, 2023, Anoto released a notice to attend an EGM in the Company. The EGM is scheduled to be held on May 4, 2023 at 10 a.m. at the premises of Setterwalls Advokatbyrå, Sturegatan 10 in Stockholm, Sweden. The abovementioned directed issue and rights issue is proposals to be resolved by the EGM. Instructions on how to give notification of participation, the full proposed agenda and all proposals of the Company's board can be found on https://www.anoto.com/investors/corporate-governance/extraordinary-general-meeting/.

3. In order to secure financial stability and reduce dependency on Anoto, Anoto is in the final stages of negotiation to sell 1~2 million shares of KAIT. This will allow Anoto to raise additional funds to finance production of pens into inventory. In addition, KAIT is also raising primary shares to raise additional 2~3 million dollars. Once the transaction is completed, Anoto's ownership is expected to fall below 50% which will enable deconsolidation.

NOTE 43 – 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 2022 relate to the parent company and its subsidiaries, jointly referred to as the Group.

NOTE 44 – Climate related matters

Anoto does not pursue any activities that require environmental permits but is conscious of our responsibilities to the climate and environment. As we use Lithium-Ion batteries, we have received 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

We do not operate our own factories, so 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 45 – COVID related information

Impact of COVID subsided noticeably in the second half of 2022. Most schools are now back and the impact of electronic components shortages have decreased.

NOTE 46 – 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, 2023. 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 on June 30, 2023 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, 2023

Jörgen Durban
Chairman of the Board

Joonhee Won
CEO

Dennis Song
Board Member

Anders Sjögren
Board member

Hyun Yong Kim
Board Member

Our auditor's report was submitted on April 30, 2023.

BDO Mälardalen AB

Carl-Johan Kjellman

Authorized Public Accountant

Johan Pharmanson

Authorized Public Accountant

AUDITOR'S REPORT

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 2022. The annual accounts and consolidated accounts of the company are included on pages 2-57 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 2022 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 2022 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.

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.

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.

Revenue recognition

The groups net sales as of 31 December 2022 amount to SEK 69,4 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. 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 179,2 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 2023. 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 essentially 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 analyses 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 40,4 million on December 31, 2022. 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 28 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 58-74 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 2022 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.

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 2022.

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

In our opinion, the Esef 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 International Standards on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, 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 validation that the Esef report has been prepared in a valid XTHML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

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 Authorized Public Accountant	Carl-Johan Kjellman 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 2022	Group 2021
Gross profit	**42,901**	**38,581**
Selling expenses	-28,607	-25,228
Administrative expenses	-14,892	-15,189
Research & development expenses	-50,902	-49,290
Other operating income	16,088	99
Other operating cost	-11,806	-6,116
Operating profit/loss	**-47,219**	**-57,143**

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 2022	Group 2021
Operating profit/loss	-47,219	-57,143
Operating margin	**-68.08%**	**-79.66%**

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 2022	Group 2021
Cash flow	-2,520	1,504
Weighted average number of ordinary shares	227,263,704	211,244,452
SEK	**-0.01**	**0.01**

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 2022	Group 2021
Total assets	238,732	239,074
Equity attributable to the shareholders of Anoto Group AB	110,997	144,515
	46.49%	**60.45%**

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 2022	Group 2021
Operating profit/loss	-47,219	-57,143
Depreciation and amortisation	14,235	13,921
EBITDA	**-32,983**	**-43,222**

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)	2022	2021
Equity attributable to the shareholders of Anoto Group AB	110,997	144,515
Number of ordinary shares	230,611,964	215,658,150
SEK	**0.48**	**0.67**

Net debt

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

(KSEK)	Group 2022	Group 2021
Interest-bearing liabilities	57,538	41,644
Liquid assets	-1,721	-3,885
Net debt	**55,818**	**37,759**

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 2022	Group 2021
Total assets	238,732	239,074
Non-interest bearing provisions	-219	-3,656
Non-interest bearing liabilities	-74,199	-61,027
Short term interest bearing liabilities	-57,538	-41,644
Capital employed	**106,775**	**132,747**

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. Ahead of the 2023 Annual General Meeting, the Company has chosen not to nominate and appoint a Nomination Committee, which is a deviation from the Code (see more about this below). 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 2022

The Annual General Meeting (AGM) in 2022 was held in Stockholm on 28 June 2022. Jörgen Durban was present from the Board of Directors. In particular the following decisions were resolved by the AGM:
The AGM decided to adopt the balance sheet, income statement, consolidated balance sheet and consolidated income statement for 2021. 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 Chief Executive Officers from liability for 2021.

As members of the Board of Directors until the end of the next AGM, the AGM re-elected Jörgen Durban, Anders Sjögren and Dennis Song. Further, Hyun Yong Kim (Hy Kim) was new-elected as Board member.

Jörgen Durban was re-elected as the Chairman of the Board of Directors.

The AGM re-elected the registered auditing company BDO Mälardalen AB as auditor.

The AGM resolved to adopt an incentive scheme for the Chief Executive Officer in the Company. The Incentive program means that the Chief Executive Officer will be granted stock options free of charge. The program comprises a maximum of 7,000,000 stock options, representing approximately 3.0 per cent of the share capital and votes after dilution, based on the current number of shares in the Company.

The options granted to the Chief Executive Officer will vest and become exercisable on a pro rata basis, with 1/36 per month, until all options have vested after three years and 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 Chief Executive Officer 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 20 June 2022 up to and including 4 July 2022.

The AGM resolved to adopt an incentive scheme for the Chairman of the Board of Directors of the Company. The Incentive program means that the Chairman will be granted stock options free of charge. The program comprises a maximum of 7,000,000 stock options, representing approximately 3.0 per cent of the share capital and votes after dilution, based on the current number of shares in the Company.

The options granted to the Chairman will vest and become exercisable on a pro rata basis, with 1/36 per month, until all options have vested after three years and 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 Chairman 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 20 June 2022 up to and including 4 July 2022.

The AGM authorised the Board of Directors to resolve on a new issue of no more than 14,000,000 Series C shares, each with a quota value of SEK 0.60, corresponding to approximately 6.1 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 authorisation and the reason for the deviation from the shareholders' preferential rights when the authorisation 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.

The AGM resolved to authorise the Board of Directors to resolve on repurchases of 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 authorisations 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 authorise the Board of Directors to resolve, 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 45,787,200 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.

The purpose of this authorisation and the reason for any disapplication of the shareholders' preferential rights is to increase the flexibility of the Company to finance the ongoing business and at the same time extend and strengthen the Company's shareholder base of strategic or long term investors. The basis for the issue price shall be according to the prevailing market conditions at the time when shares, warrants and/or convertible bonds are issued.

The AGM resolved to initiate legal proceedings regarding damages against the Company's former auditor Grant Thornton Sweden AB as well to approve that such legal proceedings have already been initiated by the Company based on faults and negligence as well as delays in the performance the auditor assignment during years 2020 – 2021, including, among other things, the audits of the annual accounts for the financial years of 2019 respective 2020.

Anoto's Annual General Meeting 2023

Anoto's Annual General Meeting 2023 will take place on June 30 in Stockholm. Invitation will be published in accordance with what is stipulated.

Extraordinary General Meetings

There were no Extraordinary General Meetings held during 2022.

The Board of Directors

The Board of Directors is responsible for the company's organization and the management of the company's affairs. The Board of Directors shall continuously assess the company's and the Group's financial situation. The Board of Directors shall ensure that the company's organization is designed so that accounting, asset management and the company's financial conditions in general are controlled in a satisfactory manner.

The CEO is appointed by the Board and is responsible for day-to-day administration in accordance with the Board's guidelines and instructions. The Board has established rules of procedure for its work, as well as instructions for the division of work between the Board and the CEO and for financial reporting to the Board. Rules of procedure are reviewed and adopted annually. The review is based, among other things, on the evaluation of the individual and collective work carried out by the Board. All Board members are responsible for the Board's work to varying extents unless otherwise decided at Board meetings or in accordance with the Board's work instructions or applicable laws or statutes. The Chairman of the Board leads the work of the Board and is responsible for ensuring that the Board's work is carried out efficiently and ensures that the Board fulfils its duties. The Chairman of the Board is particularly familiar with and monitors the company's and the Group's operations and ensures a satisfactory organisation and accounting. By means of a decision recorded in the minutes, the Board of Directors may delegate the handling of a particular matter to one or more Board members.

In addition to financial reporting and monitoring of day-to-day business operations and profitability development, the Board meetings discuss strategic issues and issues that do not fall within the scope of day-to-day management, as well as matters related to the capital structure. Senior executives regularly report on business plans and strategic issues.

According to Anoto's Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of eight Board members, with a maximum of five deputies. On 31 December 2022, Anoto's Board of Directors consisted of four AGM-elected members. The Board consists of members with experience from different geographical areas and different industries.

At the 2021 Annual General Meeting, Jörgen Durban, Anders Sjögren and Dennis Song were re-elected as Board members until the next Annual General Meeting. Hyun Yong Kim (HY Kim) was elected as a new member of the Board of Directors until the next Annual General Meeting. Jörgen Durban was re-elected Chairman of the Board.

Information on the remuneration of the Board members can be found in Note 9 in the Annual Report. The table below shows the members of the Board of Directors, their position, when they were elected and whether they are considered independent in relation to the Company and its senior executives and in relation to the Company's major shareholders.

Name	Position	Board member since	Independent in relation to the company and its executives	Independent in relation to larger shareholders
Jörgen Durban	Chairman	2021, before that 2010–2020	Yes	Yes
Hyun Yong Kim	Member	2022	Yes	Yes
Anders Sjögren	Member	2019	Yes	Yes
Young Hee (Dennis) Song	Member	2020	Yes	Yes

Below is information about the Board members with year of birth, position, post-secondary education, experience, ongoing assignments and shareholdings and options in Anoto. Assignments in subsidiaries within the Group have been excluded. All members' holdings refer to current holdings as of the date of this corporate governance report. The holdings include the holdings of spouses and minor children, as well as holdings through companies in which the person concerned has a changing ownership and/or significant influence.

Jörgen Durban
(born 1956)

Position: Chairman
Education: Master of Laws, Stockholms universitet, Sweden
Experience: Jörgen Durban has previously been a partner and Managing Partner at Linklaters Linklaters Advokatbyrå, where he was also responsible for the Banking and Finance group
Other assignments: Chairman of the Board of DDM Debt (publ), Chairman of the Board of DDM Finance AB, Chairman of the Board of DDM Holding AG
Holdings: 1,763,153 shares and 7,000,000 warrants of series 2022/2023

Hyun Yong Kim
(born) 1968

Position: Board member
Education: BA Yonsei University, MBA Stanford University
Experience: Hyun Yong Kim has previously been Partner and Managing Director at CDIB Capital Ltd.
Other positions: Partner and Managing Director at CDI Asset Management Ltd.
Holdings: -

Anders Sjögren
(born 1974)

Position: Board member
Education: PhD in physics, laser and optics from the Faculty of Technology at Lund University
Experience: CTO and Head of Research for several listed companies, CEO of the Finnish Enersize Oyj listed on Nasdaq First North Growth Market in Stockholm
Other positions: CTO at Enersize Oyj, which works with energy efficiency of industrial compressed air systems with the help of measurement, IoT and data analytics in the cloud. Chairman and CEO of BBright AB and board member of Airdev AB
Holding: -

Young Hee (Dennis) Song
(born 1968)

Position: Board member
Education: BS in Business Administration from the University of Iowa
Experience: From 1992 to 2008, Dennis worked in investment banking as Manager at Coryo Securities, General Manager at HSBC Securities, VP and Director at Deutche Bank Securities, and VP and Director at Lehman Brothers
Other positions: Dennis has been CEO of the South Korean bio-tech company Neo-Nanomedics Co. Ltd. since 2017
Holding: -

As shown by the table above, 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.

Nominating committee

Anoto does not have a nomination committee. This constitutes a deviation to section 2.1 of the Swedish Code of Corporate Governance. The reasons why no nomination committee has been appointed are mainly as follows. Anoto has two main owners who are institutional investors. The company's Board of Directors has an ongoing dialogue with the principal shareholders and, instead of appointing a Nomination Committee, includes the proposals that the Nomination Committee would otherwise make with comparable principles for the Nomination Committee.

Nor has Anoto established an Audit Committee, but the Board of Directors fulfils its duties.

Work of the Board of Directors 2022

During the year, the Board convened nine times. Where appropriate, staff members, as rapporteurs in their specific areas of expertise, attend the meetings of the Management Board. During the year, however, no employee was present as rapporteur, instead reporting or presenting the employees directly to Anoto's CEO or to the Chairman of the Board. The Board dealt with matters related to the overall Group strategy, with particular emphasis on the strategy of Anoto's subsidiary Knowledge AI Inc (KAIT). The Board has also dealt with matters concerning new share issues through offsetting of debt to lenders to the company, as well as for strategically important collaborations and agreements such as the product development agreement that the company has entered into with Sansung Displays. During the year, a particular focus was placed on managing the effects of the war in Ukraine on Anoto's operations in the form of, among other things, raising capital that could be contributed to the Group and on continued recovery as a result of the COVID-19 pandemic in the form of, among other things, pricing of and asset issues related to components that are important for the company's products. Furthermore, the Board dealt with ongoing issues related to the Group's financing and compliance. The Board continuously evaluated the performance of Anoto, the CEO and Anoto's management team.

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

Board Member:	Number of board meetings:
Jörgen Durban	9 / 9
Anders Sjögren	8 / 9
Young Hee (Dennis) Song	9 / 9
Hyun Yong Kim (Hy Kim)*	4 / 4

*Board member since 28 June 2022

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.

Evaluation of the work of the Board of Directors

In order to ensure the quality of the Board's work and to clarify any need for additional skills and experience, an annual evaluation of the Board's work and its members is carried out. In 2022, the evaluations, which were led by the Chairman of the Board, took place through the Chairman holding individual evaluation discussions with all Board members. The compiled results of the evaluations were presented to the Board.

CEO and Group Management

The CEO is responsible for decision-making within the Group regarding the areas delegated by the Board.
The management team consists of two people, Group CEO Joonhee Won and Group CTO Steve Kim, where the CEO is responsible. The CEO and management team manage and control Anoto's day-to-day operations.

Below is information about these senior executives with year of birth, position, education, experience and ongoing assignments and as well as share and option holdings in Anoto. Assignments in subsidiaries within the Group have been excluded. All senior executives' holdings refer to current holdings as of the date of this corporate governance report.

Joonhee Won

(born 1965)

Position: Chief Executive Officer
Education: MBA from Harvard Business School, BA in Government and Economics from Cornell University
Experience: Joonhee has many years of experience from the financial industry and has held senior positions in several well-known investment banks in the US and South Korea. Prior to joining Anoto as CEO in 2016, he ran a private equity firm in South Korea as a Managing Partner for nearly 20 years
Other positions: -
Holding: 7,000,000 options of series 2022/2023

Steve Kim

(born 1968)

Position: Chief Technology Officer (CTO)
Education: MSc in Mechanical Engineering from Seoul National University
Experience: Steve has many years of experience in hardware design and manufacturing. He has developed, among other things, a satellite radio, an image processing chip, a DNA search device, a PDA (Personal Digital Assistant) and various multimedia signal processors
Other positions: Steve has been Chief Executive Officer of Anoto Korea Corp since 2018
Holding: 1,000,000 options of series 2021/2023

Remuneration Committee

The Board of Directors has not established a Remuneration Committee, but the entire Board of Directors fulfils the tasks of the Remuneration Committee. Board members who may be members of the executive management may not participate in the work due to the independence requirements set out in the Swedish Code of Corporate Governance.

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

Two shareholders had, on the 31st of December 2022, a direct or indirect ownership of more than one tenth of the votes for all shares – AIIT One Co Ltd (15.3%) and Rothesay Ltd (13.0%)

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 internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. This section on internal control focuses on internal control of financial reporting.

Anoto's Board of Directors has determined that there is no need for an internal audit department or function. The reason why it has been assessed that there is no need for such a special audit function is with regard to Anoto's size and that the Board, primarily through the Chairman of the Board, has ongoing contact and unusually close cooperation with the company's CEO together with other circumstances such as the Chairman's ongoing follow-up on issues of an internal audit nature and that Anoto's CEO and finance department in cooperation with the external auditors of can adequately monitor and monitor internal control as required.

Anoto's Board of Directors is ultimately responsible for the follow-up of risk management and internal control over financial reporting.

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. The Board of Directors shall continuously issue instructions to the CEO for when and how information necessary for the Board's assessment of the company's and subsidiaries' financial situation and for the Board to be able to perform its duties in general, including to complete the company's financial reporting, shall be collected and reported to Board. At each ordinary Board meeting, the company's and the Group's liquidity, earnings and position shall be presented to or reported to the Board of Directors and satisfactory documentation for the financial reporting shall be provided.

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 Board takes note of the feedback given to the Group as a result of the financial reporting. 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.

No breach of the listing agreement or good stock market practice

Anoto has not breached Nasdaq Stockholm's listing agreement or deviated from good stock market practice as decided by Nasdaq Stockholm's disciplinary committee or statement from the Swedish Securities Council during the financial year 2022 or during the period from the end of the financial year 2022 and the date of issue of this corporate governance report.

Auditor’s statement on the Corporate Governance Report

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 2022 on pages 60-66 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	Carl-Johan Kjellman
Authorized Public Accountant	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,
Shareholding: 1,763,153 shares & 7,000,000 options of series 2022/2023 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

Hy Kim

Independent Board Member

Born 1968
Board member since 2022
Shareholding: -
Education: BA Yonsei University, MBA Stanford University

Senior Management

Joonhee Won
Chief Executive Officer
Born 1965
Employed since 2016
Shareholding: 7,000,000 options of series 2022/2023 in Anoto Group AB
Education: BA Political Science, Economics, MBA, Harvard Graduate School, USA

Steve Kim
Chief Technology Officer
Born 1968
Employed since 2018
Shareholding: 1,000,000 options of series 2021/2023 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 89,939 as per Dec 31, 2022 is allocated among 230,611,964 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 39 percent from SEK 0.637 to 0.390 during the year. During the same period, the NASDAQ OMX Stockholm PI decreased by 24.61 percent. Anoto Group's market capitalization was MSEK 90 on December 31, 2022.

Shareholders

At the end of 2022, Anoto Group had 14,585 shareholders. Foreign shareholders controlled 45.2% and the ten largest shareholders controlled 48.2%.

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 33.

Analysts

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

Per share data 2022

Number of shares 2022-12-31	230,611,964
Number of outstanding options 2022-12-31	555,555
Average number of shares	227,263,704
Earnings per share (SEK)	-0.20
Fully Diluted Earnings per share (SEK)	-0.20
Cash flow per share (SEK)	-0.01
Fully Diluted Cash flow per share (SEK)	-0.01
Shareholder´s equity per share (SEK)	0.48
Shareholder´s equity per share incl. options (SEK)	0.48

Largest shareholders on December 31, 2022

1	HONGKONG & SHANGHAI BANKING CORP, W8IMY	22.5%	51,928,920
2	UBP CLIENTS DTTA 15 PCT	12.7%	29,304,208
3	AVANZA PENSION	3.3%	7,513,470
4	BJÖRNDAHL, ANDERS	2.5%	5,727,500
5	ADVOKAT JÖRGEN DURBAN	1.6%	3,696,738
6	BNY MELLON NA (FORMER MELLON), W9	1.4%	3,234,811
7	SAXO BANK A/S CLIENT ASSETS	1.2%	2,700,486
8	FÄLLSTRÖM, CARL	1.1%	2,568,352
9	NORDNET PENSIONSFÖRSÄKRING AB	1.0%	2,351,181
10	SWEDBANK FÖRSÄKRING	0.9%	2,052,474
	Total	**48.20%**	**111,078,140**

Shareholders by size on December 31, 2022

Shares held	**Total number of shareholders**	**% total number of shareholders**
1 – 500	8,262	56.6%
501 – 1,000	1,555	10.7%
1,001 – 5,000	2,679	18.4%
5,001 – 10,000	750	5.1%
10,001 – 15,000	309	2.1%
15,001 – 20,000	194	1.3%
20,001 -	836	5.7%
	14,585	**100.00%**

FIVE-YEAR SUMMARY

Summary of comprehensive income statements

(KSEK)	2018	2019	2020	2021	2022
Net sales	115,556	111,967	70,552	71,730	69,362
Gross profit	37,459	60,616	38,155	38,581	42,901
Amortisation and impairment of intangible fixed assets	-84,210	-13,379	-32,490	-11,677	-12,036
Depreciation - property, plant and equipment	-725	-2,565	-2,958	-2,243	-2,199
Operating profit/loss	-132,160	-50,654	-103,431	-57,143	-47,219
Other financial items	13,137	18,081	-24,910	16,637	16,231
Profit/loss after financial items	-119,023	-32,573	-128,342	-40,506	-30,987
Tax	3,174	-34	74	283	84
Profit/loss after tax	**-115,849**	**-32,608**	**-128,268**	**-40,223**	**-30,903**

Summary of balance sheets

Assets	2018	2019	2020	2021	2022
Intangible fixed assets	200,867	219,138	173,188	175,764	179,186
Tangible fixed assets	3,233	7,067	9,529	4,408	5,212
Financial fixed assets	2,165	1,678	1,475	3,648	1,483
Total non-current assets	206,265	227,883	184,192	183,820	185,881
Inventory	24,561	22,690	14,703	27,231	40,406
Accounts receivable	39,004	20,989	7,146	6,540	1,557
Other current assets	9,055	14,546	16,886	17,600	9,166
Cash and cash equivalents	5,458	20,375	2,128	3,885	1,721
Total current assets	78,078	78,600	40,864	55,255	52,850
Total assets	**284,343**	**306,483**	**225,056**	**239,074**	**238,732**

Liabilities and shareholders' equity	2018	2019	2020	2021	2022
Shareholders´ equity	212,128	234,222	158,858	144,515	110,997
Minority interests	-548	4010	-3098	- 11,768	-19,346
Long-term liabilities					
Non-interest-bearing	4,072	2,376	21,670	-	-
Interest bearing	2,149	3,480	-	-	-
Current liabilities					
Non-interest-bearing	60,857	54,213	42,308	64,683	74,418
Interest-bearing	5,685	8,182	5,318	41,644	57,538
Total liabilities	72,763	68,251	69,296	106,327	147,082
Total liabilities and shareholders´ equity	**284,343**	**306,483**	**225,056**	**239,074**	**238,732**

Summary of cash flow statements

(KSEK)	2018	2019	2020	2021	2022
Profit/loss after financial items	-119 023	-32,607	-128,268	-40,223	-30,903
Items that do not affect liquidity	70 136	666	38,106	-5,916	-20,558
Change in working capital	22 327	21,038	7,585	7,117	23,509
Cash flow from operating activities	-26 559	-10,902	-61,604	-39,022	-27,952
Cash flow from investment activities	-21 671	-30,347	-7,271	-7,009	-2,271
Total cash flow before financing activities	-48 231	-41,250	-68,875	-46,032	-30,223
Cash flow from financing activities	22 025	56,167	50,628	47,536	27,703
Cash flow for the year	**-26,206**	**14,917**	**-18,247**	**1,504**	**-2,520**

Key ratios

	2018	2019	2020	2021	2022
Sales growth, %	-33	-3	-37	2	-3
Gross margin, %	32	54	54	54	62
Capital employed (KSEK)	217,801	244,089	177,429	132,747	106,775
Equity/assets ratio, %	75	76	71	60	46
Net debt (KSEK)	227	-12193	3,190	37,759	55,818
Earnings per share (SEK)	-1.16	-0.23	-0.72	-0.25	-0.20
Earnings per share after dilution (SEK)	-1.16	-0.23	-0.72	-0.25	-0.20
Cash flow per share for the year (SEK)	-0.23	0,12	-0.11	0.01	-0.01
Cash flow per share after dilution (SEK)	-0.18	0,09	-0.09	0.01	-0.01
Shareholder´s equity per share (SEK)	1.76	1.56	0.86	0.67	0.48
Shareholder's equity per share after dilution (SEK)	1.76	1.56	0.86	0.67	0.48
Average no. of employees	34	46	38	33	36
Sales per employee (KSEK)	3,399	2,434	1,857	2,174	1,940
Payroll expenses incl. social security contribution (KSEK)	24,970	32,106	33,472	29,105	31,379
(of which pension premiums were)	626	359	182	325	767

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 30, 2023. 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 2023 financial year:

- Q1 Report – May 31, 2023
- Q2 Report – July 30, 2023
- Q3 Report – November 15, 2023
- Year-End Report – February 28, 2024