Anoto

Digital Time Data Solutions

2023 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, 2023 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, and Anoto Canada Inc. Hereafter the entire business group is referred to as “Anoto”, unless the context indicates otherwise.

OPERATION OF THE GROUP

Anoto is a leader in the capture, and digitization, of analogue data from handwriting and drawings. Our solutions address the needs of both retail customers and enterprise clients.

During 2023 Anoto completed the deconsolidation and spin-off of Knowledge AI (KAIT) as detailed in the section that follows below. Going forward Anoto will focus on two core business lines: Retail Products and Enterprise Solutions.

Details of the Deconsolidation

Anoto AB sold 2.75 million shares it owned of KAIT at a value of USD 1 per share, for 29.6 MSEK. Of this, 1.4 million shares (14.9 MSEK) was sold to external investors for cash and 1.25 million shares was sold to Joonhee Won and 0.1 million shares to Jorgen Durban, who are related parties of the group at the same valuation. Through the latter transactions, Anoto’s debt was reduced by 1,350,000 USD (14.7 MSEK) as the shares were paid for by means of set-off from outstanding loans Anoto had to Joonhee Won and Jorgen Durban. More information on this can be found in note 39.

The valuation was done at USD 1 per share which has implied valuation of USD 9 million on an outstanding basis, and USD 12 million on a fully-diluted basis. Anoto is still the largest shareholder of KAIT but the sale resulted in Anoto owning 47%, and a loss of controlling interest. The sale was conducted to make KAIT independent in order to raise financing on its own and to alleviate the financial burden on Anoto as KAIT is a start-up company that generates losses. Subsequent to the deconsolidation, employee loans to KAIT were converted to shares which led to further dilution from 47% to 45%.

In accordance with IFRS 10, in assessing the deconsolidation of KAIT, in addition to loss of controlling ownership interest, Anoto also assessed other factors influencing control. Specifically, it was determined that Anoto no longer had ability to direct or significantly influence KAIT’s relevant activities, as there was no overlap in management or board of directors between Anoto and KAIT, upon the resignation of Joonhee Won as CEO of Anoto and Jorgen Durban as Chairman of the Board. Subsequent to deconsolidation and year end, Joonhee Won was reappointed interim CEO of Anoto in early 2024 for a brief period, after which current interim CEO Mats Karlsson was appointed. We believe Joonhee’s brief term as interim CEO does not change that status of Anoto’s loss of controlling influence over KAIT.

Deconsolidation of KAIT was done as at 31 July 2023. This annual report includes consolidated numbers until July 2023 and non-consolidated from August to December 2023. As of 31 December 2023, KAIT is booked as an investment in associate rather than a segment of Anoto on the balance sheet. More information on this can be found in note 40.

The effect of the transaction meant a gain on sale of subsidiaries of 92.3 MSEK, as well as a fair value gain on revaluation of the remaining interest in KAIT (Associated investment) of 44.7 MSEK, reporting in our Q3 report. Subsequently at year end, Anoto’s carrying value of KAIT was tested for impairment by calculating its recoverable amount. The recoverable amount is defined as its net realizable value or value in use, whichever is higher. When testing for impairment losses, the value in use is calculated based on the estimated future cash flows that KAIT is expected to give rise to. There is significant uncertainty in forecasting future cash flows for KAIT given the status of this entity as a pre-revenue start-up, alongside the extremely rapidly evolving marketplace for AI products in the education sector. Based on management’s best estimate of KAIT’s net realizable value, it was determined that Anoto’s carrying amount of KAIT exceeds its recoverable amount. We therefore recognized an impairment loss of 38.4 MSEK to Anoto’s remaining fair value investment in KAIT and 13.6 MSEK to Anoto’s loans receivable from KAIT. The reduction in the calculated value in use was primarily due to the expected large order of several hundred thousand pens and associated software licensing agreements, from a Middle Eastern government, not coming through. More information on this can be found in note 40.

ANOTO BUSINESS UNITS

Retail Products

This B2C segment provides products for digital note taking; capturing analogue data through handwritten notes or documents, that are converted into digital form as they are written. This data is streamed from the pen to a mobile device, or desktop, for further processing and editing, sharing or local or cloud storage all through Livescribe consumer application / software.

During 2023 the company focused on developing its mobile application both expanding its functionality and improving reliability.

Enterprise Solutions and Licensing

This is our B2B business line which provides automation of data capture through digitization of customized business forms. This functionality is provided by both hardware (an Anoto pen and a paper form imprinted with Anoto's dot pattern) and software which digitizes the captured data and seamlessly inserts it into the customers data processing and storage workflow. The Enterprise Solutions unit has small, but loyal, customer base across a broad range of industries, theses customers are served through a variety of channels including direct and indirect (resellers) depending on the geographic region and industry.

SHARES AND SHAREHOLDERS

At the end of 2023, there were 331,859,067 issued ordinary shares in Anoto. According to Euroclear Sweden AB's statistics, there were 13,549 shareholders on December 31, 2023, representing a decrease of 7.1 percent over the past 12 months. The largest shareholder as at December 31, 2023 was Stolkin Helicopters Limited, owning 12.3 per cent of the votes and capital. There is only one class of shares (ordinary shares). Below are the changes to shares and shareholdings during the year.

	Largest shareholders on December 31, 2023			
1	HONGKONG & SHANGHAI BANKING CORP, W8IMY		31.0%	102,918,478
2	THE BANK OF NEW YORK MELLON, W9		22.3%	74,046,504
3	AVANZA PENSION		2.5%	8,458,195
4	BJÖRNDAHL, ANDERS		2.4%	7,910,500
5	ADVOKAT JÖRGEN DURBAN		1.1%	3,746,738
6	Hansson, Johan		0.9%	3,102,977
7	BOUKOVALAS, PANAGIOTIS		0.9%	3,000,000
8	SAXO BANK A/S CLIENT ASSETS		0.8%	2,750,975
9	DURBAN, JÖRGEN		0.8%	2,689,999
10	ALANDSBANKEN ABP (FINLAND), SVENSK, FILIAL		0.8%	2,579,700
		Total	**63.50%**	**211,204,066**

SIGNIFICANT EVENTS DURING THE YEAR

During the second quarter, Anoto carried out the following directed issue and rights issue:

Directed Issue

The Board of Anoto 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 was subject to the approval by the EGM, which was held on 4 May 2023. The new shares were subscribed for by Be of Company Ltd., a Korean company. The subscription price was determined based on the closing price of the Company's ordinary share on Nasdaq Stockholm on April 4, 2023 of SEK 0.4 per share, which meant that the subscription price corresponded 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 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 was subject to the approval by the EGM, which was held on 4 May 2023.

In the Rights Issue, Anoto's current shareholders had a preferential right to subscribe for new shares in proportion to the number of shares held on the record date. The subscription price was set to SEK 0.40 per share and the Rights Issue comprised approximately 50 million ordinary shares.

The new shares in the Rights Issue correspond 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.

On June 9, Anoto announced that the subscription ratio in the rights issue amounted to 69.3 percent. Guarantee undertakings corresponding to 15,740,288 shares, corresponding to approximately 30.7 percent of the shares in the rights issue, was utilized.

Also during the second quarter, Anoto raised an additional MUSD 2.75 on the sale of KAIT shares held by Anoto Group AB's subsidiary Anoto AB. The shares were placed mainly to European based Venture Capital companies and individual investors. The transaction was done at a USD 12 million on a fully diluted basis. This was done in line with Anoto board's decision to make KAIT independent. As an independent company KAIT can raise financing by itself and reduce burden on Anoto. Making KAIT independent means deconsolidation (lowering Anoto ownership below 50%), which substantially reduces Anoto's financial liabilities and improve earnings as KAIT's losses is not fully consolidated on Anoto's earnings. On August 7, Anoto held an EGM to approve the sale of KAIT shares to Joonhee Won, CEO of Anoto, and Jorgen Durban, Chairman of the Board of Anoto. The EGM approved the transactions and Anoto transferred 1,250,000 common shares in KAIT to Joonhee Won and 100,000 common shares in KAIT to Jörgen Durban at the same valuation as in the most recent sales of shares in KAIT to external investors. Through the transactions, Anoto's debt was reduced by 1,350,000 USD as the shares were paid for by means of set-off from outstanding loans Anoto had to the acquirers of the shares. The KAIT shares transferred to Jörgen Durban and Joonhee Won was made as result of one of the investors who purchased KAIT shares during the second quarter had not completed the transaction on the agreed closing date.

During the third quarter, Anoto announced that the company's number of shares had increased by 51,247,103 shares and votes, respectively. The increase was a result of registrations of the shares issued through the directed issue and rights issue the EGM on 4 May 2023 resolved to carry out.

Anoto announced that the board of Anoto had, pursuant to the authorisation granted at the Annual General Meeting held on 30 June 2023, resolved on a directed issue of convertibles and warrants. Through the issue, SEK 15.6 million would be raised by the Company before transaction costs. All convertibles was signed by an international institutional investor. The convertibles were issued at a subscription price corresponding to 100 percent of the nominal amount of the convertibles. The convertible loan does not carry interest. Holders of the convertibles have the right to convert all or part of the convertible loan into new ordinary shares in the Company during the period from and including 20 August 2023 up until and including 20 January 2025. The conversion price amounts to SEK 0.52 per ordinary share, which corresponds to 130 percent of the closing price of the Anoto share on 28 July 2023. The loan is due for payment on 31 January 2025, insofar as conversion has not taken place before then.

The Board of Anoto also decided to issue up to 10,000,000 warrants to subscribers in the above convertible issue. All warrants had therefore been subscribed and allotted to the same international institutional investor. Each warrant gives the right to subscribe for one new ordinary share in Anoto at a subscription price of SEK 0.52, which corresponds to 130 percent of the Anoto share's closing price on 28 July 2023, during the period from and including 1 August 2023 to and including 31 January 2025. The warrants were issued free of charge.

CORPORATE GOVERNANCE REPORT

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

EMPLOYEES

The average number of employees within the Group decreased from 36 in 2022 to 19 in 2023. The Group had 12 employees (41) at the year-end.

COMMENTS ON THE STATEMENT OF COMPREHENSIVE INCOME

Net sales in 2023 amounted to MSEK 43 (69) and operating gains in the period was MSEK -68 (-47).

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 (100% down from 2022), Livescribe: 16% decrease from 2022, but Enterprise Forms revenue increased by 40% increase from 2022.

Gross margin in the period amounted to 63% (62%).

Overhead costs in the period were MSEK 66 (94), excluding impairment loss of MSEK 104 (0). Cost saving efforts were exercised across all operations; the decrease of overhead costs is also partially attributable to the deconsolidation of KAIT.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in the period amounted to MSEK 50 (-33).

The net profit after tax for the year was MSEK -84 (-31).

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

Total assets amounted to MSEK 144 (239) and liabilities have decreased by MSEK 63 to MSEK 84 (147).

Group Equity at the end of the year amounted to MSEK 59, compared to MSEK 92 in the previous year. The cash flow from operating activities was MSEK -38 (-27). Cash flow from investment activities during the year was MSEK 13 (-2). The cash flow from financing activities was 25 (27), including net proceeds from share issues of MSEK 40 (11). The cash flow for the year was MSEK 1 (-3). Closing cash at end of year was MSEK 3 (2).

RESEARCH AND DEVELOPMENT

In 2023, Anoto's R&D efforts during the year were MSEK 27 (51), excluding impairment loss of MSEK 104 (0), equivalent to 77 percent (54) of the total operating expenses. Pursuant to its compliance with IAS 38, the Group capitalized MSEK 1 during 2023. Including capitalization, the Group´s R&D expenses totalled MSEK 29 for the year.

Anoto has an extensive patent portfolio. At the end of 2023, the Group owned 147 registered patents.

KEY RATIOS – FIVE YEAR SUMMARY

Group

	2019	2020	2021	2022	2023
Net sales	111,967	70,552	71,730	69,362	43,012
Gross margin, %	54	54	54	62	63
Operating profit/loss	-50,654	-103,431	-57,143	-47,219	-68,326
Profit/loss after tax	-32,608	-128,268	-40,223	-30,903	-84,238
Total assets	306,483	225,056	239,074	238,732	143,615
Total liabilities	68,251	69,296	106,327	147,082	84,284
Average no. of employees	46	38	33	36	19

Parent Company

	2019	2020	2021	2022	2023
Net sales	12,325	8,749	11,198	10,246	11,806
Operating profit/loss	-16	-231	-2805	603	-364
Profit/loss after tax	4,225	-233,281	13,878	71	-79,750
Total assets	623,271	427,807	488,844	596,580	462,686
Total liabilities	22,838	22,795	41,050	137,256	44,063

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.

SUSTAINABILITY INFORMATION

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

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

EMPLOYEE POLICIES

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

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

RISK MANAGEMENT

Liquidity risk, financing risk and continued operations

The outlook for the market for digital pens, electronic styluses and accessories is forecast to experience robust growth through 2030, according to a report recently published by Grandview Research.

However, despite this supporting background, the Board of Directors and management are aware of ongoing risks posed by global events; elevated inflation which persists above most central bank target levels, the continuation of the Russia / Ukraine war, renewed conflict in the middle east, and rising tensions in Taiwan each of which could have negative implications for global supply chains.

The Group will face liquidity challenges in the coming months and may be unable to continue operations if it cannot increase sales and revenues from its products and / or raise further capital in sufficient quantity, and on acceptable terms, to execute the business plan for 2024 and beyond.

Currency exposure and credit risk

Refer to Note 5 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 10. Remuneration for the CEO and senior executives in 2023 is disclosed in Note 10, “Salaries and other remuneration”. The Board has proposed to the Annual General Meeting that the guidelines on remuneration for senior executives remain unchanged in 2024.

OUTLOOK FOR THE FUTURE

Anoto has two main business lines: Retail Products, both hardware and software, which are provided and serviced through Livescribe, and Enterprise Solutions carried out primarily through Anoto AB and Anoto Ltd. The market for digital pens, styluses and related products is forecast to experience robust growth through 2030, and Anoto is well positioned to take advantage of this growth in both our business divisions.

Proposed Appropriation of Accumulated Result

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Proposed appropriation of accumulated result in the parent company (SEK):	**SEK**
Retained earnings	235,792,199
Loss for the year	-79,750,379
Total	**156,041,820**

The Board of Directors propose that the reserves of SEK 156,041,820 are carried forward. With regard to the financial position of the Group and parent company, refer to the following accounts.

Anoto

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(KSEK)	Note	Group 2023	Group 2022
Net sales	6	43,012	69,362
Cost of goods and services sold	12	-15,973	-26,460
Gross profit/loss		**27,038**	**42,901**
Selling expenses	9,12,15,33,36	-25,746	-28,607
Administrative expenses	9,10,11,12,15,33,36	-13,341	-14,892
Research & development costs	9,12,15,36	-130,349	-50,902
Other operating income	13	137,096	16,088
Other operating costs	14	-63,024	-11,806
Operating earnings		**-68,326**	**-47,219**
Financial income	17	699	37,484
Financial cost	17	-16,367	-21,252
Earnings before taxes		**-83,995**	**-30,987**
Income taxes	18	-244	84
Net earnings for the year		**-84,238**	**-30,903**
Total earnings for the year attributable to:			
Shareholders of Anoto Group AB		-84,238	-24,744
Non-controlling interest		0	-6,159
Total profit/loss for the year		**-84,238**	**-30,903**
Other comprehensive income			
Items that may be reclassified to profit/loss for the year:			
Translation differences for the year		13,581	-20,234
Gain or losses at valuation to fair value of investment		0	-1,419
Other comprehensive income for the year		**13,581**	**-21,653**
Total comprehensive income for the year		**-70,657**	**-52,557**
Total comprehensive income for the year attributable to:			
Shareholders of Anoto Group AB		-70,657	-44,978
Non-controlling interest		0	-7,578
Total comprehensive income for the year		**-70,657**	**-52,557**
Earnings per share (SEK)		-0.25	-0.20
Diluted earnings per share (SEK)		-0.25	-0.20
Weighted average number of ordinary shares		286,114,064	227,263,704
Diluted weighted average number of ordinary shares		303,674,473	227,399,168

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Note	Group 2023	Group 2022
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	19	19,939	37,687
Patents	20	4,128	4,108
Goodwill	23	29,449	132,450
Brands	21	511	422
Other intangible assets	22	4,161	4,519
Total intangible fixed assets		**58,188**	**179,186**
Property, plant and equipment			
Equipment and tools		1,819	3,803
Lease asset	36	349	1,409
Total property, plant and equipment	24	**2,168**	**5,212**
Financial fixed assets			
Other long-term securities	27	0	0
Investment in associates	40	0	0
Other long-term receivables	28	29,673	1,483
Total financial fixed assets		**29,673**	**1,483**
Total non-current assets		**90,029**	**185,881**
Current assets			
Inventories			
Finished goods and goods for sale	29	28,407	40,406
Current receivables			
Accounts receivable	30	13,505	1,557
Other receivables		5,544	3,956
Prepaid expenses and accrued income	31	3,514	5,210
Total current receivables		**22,563**	**10,723**
Cash and cash equivalents		**2,616**	**1,721**
Total current assets		**53,586**	**52,850**
TOTAL ASSETS		**143,615**	**238,732**

(KSEK)	Note	Group 2023	Group 2022
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Share capital	41	139,381	138,368
Other capital contributed	41	1,295,202	1,326,277
Translation reserves	41	-20,977	-34,559
Earnings brought forward		-1,354,275	-1,319,089
Equity attributable to the shareholders of Anoto Group AB		**59,330**	**110,997**
Non-controlling interest		0	-19,346
Total Equity		**59,330**	**91,650**
Non-current liabilities			
Long-term interest-bearing liabilities	35	0	14,627
Long-term convertible bond		15,600	0
Other non-current liabilities		174	498
Total non-current liabilities/provisions		**15,774**	**15,125**
Current liabilities			
Provisions for product warranties	32	293	219
Short-term interest-bearing liabilities	35	8,242	56,049
Lease liability	35 ,36	445	1,489
Accounts payable		22,026	41,979
Advance payments from customers		2,407	2,362
Other liabilities		10,926	6,345
Accrued expenses and deferred income	33	24,172	23,513
Total current liabilities		**68,510**	**131,957**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**143,614**	**238,732**

CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Note	Group 2023	Group 2022
OPERATING ACTIVITIES			
Profit after financial items		-83,995	-30,987
Taxes paid	18	-244	84
Profit and loss for the year		**-84,238**	**-30,903**
Items not affecting cash flow:			
Depreciation, amortization and impairment of assets	15,19-24	118,314	14,235
Other items [1)]	43	-51,907	-33,974
Cash flow from operating activities before change in working capital		**-17,831**	**-50,642**
Cash flow from change in working capital			
Change in operating receivables		-18,141	4,983
Change in inventories		11,999	-13,176
Change in operating assets		1,168	7,450
Change in operating liabilities		-14,918	24,251
Total change in working capital		**-19,892**	**23,509**
Cash flow from operating activities		**-37,723**	**-27,133**
Cash flow from investment activities			
Capitalized development expenditures	19	-1,337	-1,404
Patents	20	-684	-954
Other	21, 22	-158	-57
Equipment and tools	24	-258	-2,020
Financial assets	28	770	2,164
Proceeds from sale of subsidiary		14,973	0
Cash flow from net investment activities		**13,307**	**-2,271**
Total cash flow before financing activities		**-24,416**	**-29,404**
Financing activities			
New share issue		40,499	11,201
Share Issue Cost		-2,423	-819
Loan Proceeds	37	26,055	25,233
Repaid financial liabilities	37	-35,973	-8,730
Interest paid	37	-3,007	0
Dividends paid		0	0
Cash flow from financing activities		**25,150**	**26,884**
Cash flow for the year		**734**	**-2,520**
Cash and cash equivalents at the beginning of the year		**1,721**	**3,885**
Effect of exchange rate change on cash		161	354
Cash and cash equivalents at the end of the year	43	**2,616**	**1,721**

[1)] *Deconsolidation of KAIT was done as at 31 July 2023. The effect of the transaction means a gain on sale of subsidiaries of 92.3 MSEK, as well as a fair value gain on revaluation of the remaining interest in KAIT (Associated investment) of 44.7 MSEK, for a total of 137.1 MSEK recorded as a gain for the Group. Of this, 122.1 MSEK are considered as items not affecting cash flow. Subsequent impairment loss of 38.4 MSEK to Anoto's remaining fair value investment in KAIT and 13.6 MSEK to Anoto's loans receivable from KAIT are also considered as items not affecting cash flow. For more information, refer to notes 40 and 43.*

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(KSEK)	Share capital	Other Capital Contributed	Translation reserve	Earnings brought forward	Shareholders' equity attributable	Non-controlling interest	Total shareholders' equity
Shareholders´ equity 01 January 2022	**129,395**	**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**	**1,326,277**	**-34,559**	**-1,319,089**	**110,997**	**-19,346**	**91,650**
Shareholders´ equity 01 January 2023	**138,368**	**1,326,277**	**-34,559**	**-1,319,089**	**110,997**	**-19,346**	**91,650**
Profit/loss for the year	-	-	-	-84,238	-84,238	0	-84,238
Other comprehensive income	-	-	13,581	-	13,581	0	13,581
Total comprehensive income/cost for the year	**-**	**-**	**13,581**	**-84,238**	**-70,657**	**0**	**-70,657**
New share Issue - 11 May	20,000	-	-	-	20,000	-	20,000
New share Issue - 31 July	20,499	-	-	-	20,499	-	20,499
Reduction of Capital @0.42	-39,485	-	-	39,485	-	-	-
Employee stock options	-	-	-	974	974	-	974
Issue Cost	-	-2,423	-	-	-2,423	-	-2,423
Kait deconsolidated and other adjustment	-	-28,652	-	8,593	-20,059	19,346	-714
Shareholders´ equity 31 December 2023	**139,381**	**1,295,202**	**-20,977**	**-1,354,275**	**59,330**	**0**	**59,330**

Reported net after issuance costs and tax

INCOME STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2023	Parent Company 2022
Net sales		11,806	10,246
Gross profit/loss		**11,806**	**10,246**
Administrative expenses	9,10,11,12,15,34	-12,170	-9,643
Operating profit/loss		**-364**	**603**
Results from financial items			
Profit/loss on shares in group companies	16	- 8,320	0
Interest and similar income	17	7,741	100,694
Interest and similar expenses	17	-78,807	-101,226
Profit/loss before taxes		**-79,750**	**71**
Taxes	18	0	0
Profit/loss for the year		**-79,750**	**71**

BALANCE SHEET – PARENT COMPANY

(KSEK)	Note	Parent Company 2023	Parent Company 2022
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development expenditures	22	170	510
License	22	4,088	4,387
Total intangible fixed assets		**4,258**	**4,897**
Financial fixed assets			
Other long-term receivables	39	13,738	0
Shares in group companies	25	936	9,156
Receivables - group companies	26, 39	355,692	507,774
Total financial fixed assets		370,266	516,930
Total non-current assets		**374,524**	**521,827**
Current assets			
Receivables - group companies	39	85,440	71,565
Other receivables		448	0
Prepaid expenses and accrued income	31	2,268	2,575
Total current receivables		**88,156**	**74,140**
Cash and bank balances		**6**	**613**
Total current assets		**88,162**	**74,753**
TOTAL ASSETS		**462,686**	**596,580**

(KSEK)	Note	Parent Company 2023	Parent Company 2022
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Restricted equity			
Share capital	41	139,380	138,367
Reserve for development expenses in equity		170	510
Statutory reserve		123,031	123,031
Total restricted equity		**262,581**	**261,908**
Non restricted equity			
Share premium reserve		726,181	728,604
Earnings brought forward		-570,139	-531,188
Total non-restricted equity		**156,042**	**197,416**
Total equity		**418,623**	**459,324**
Non-current liabilities			
Other long-term to group companies	39	1,084	98,602
Other long-term liabilities		15,600	0
Total Non-current liabilities		**16,684**	**98,602**
Current liabilities			
Accounts payable		5,830	8,034
Liabilities to group companies	39	4,648	1,154
Other liabilities		9,770	21,091
Accrued expenses and prepaid income	33	7,131	8,375
Total current liabilities		**27,379**	**38,654**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**462,686**	**596,580**

Anoto

CASH FLOW STATEMENT – PARENT COMPANY

(KSEK)	Note	Parent Company 2023	Parent Company 2022
OPERATING ACTIVITIES			
Profit after financial items		-79,750	71
Items not affecting cash flow:			
Depreciation and amortization of assets	15, 19-24	639	639
Other items	43	73,348	1,078
Cash flow from operating activities before change in working capital		**-5,764**	**1,788**
Cash flow from change in working capital			
Change in operating receivables		-13,875	16,883
Change in operating liabilities		1,240	2,927
Total change in working capital		**-12,635**	**19,810**
Cash flow from operating activities		**-18,399**	**21,597**
Investment activities			
Financial assets		-13,738	87
Cash flow from investment activities		**-13,738**	**87**
Total cash flow before financing activities		**-32,137**	**21,685**
Financing activities			
New share issues		40,499	11,201
Share Issue Cost		-2,423	-819
Loan Proceeds		15,600	1,150
Repayment of financial liabilities		-16,150	-5,000
Long term receivable group companies		-5,996	-27,822
Cash flow from financing activities		**31,530**	**-21,290**
Cash flow for the year		**-607**	**394**
Cash and cash equivalents at beginning of the year		613	219
Cash and cash equivalents at end of the year	43	**6**	**613**

No interest, taxes, or dividends have been paid from the parent company in 2023.

CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

	Restricted Equity			Unrestricted Equity		
(KSEK)	Share capital	Reserve for development expense in equity	Statutory reserve	Share premium	Earnings brought forward	Total
Shareholders´ equity 01 January 2022	**129,395**	**849**	**123,031**	**726,118**	**-531,599**	**447,794**
Total profit/loss for the year	-	-	-	-	71	71
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/cost for the year	**-**	**-**	**-**	**-**	**71**	**71**
Capitalized development expenditure	-	-	-	-	-	-
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**
Opening balance 1 January 2023	**138,367**	**510**	**123,031**	**728,604**	**-531,188**	**459,324**
Profit/loss for the year	-	-	-	-	-79,750	-79,750
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-79,750**	**-79,750**
Capitalized development expenditure	-	-	-	-	-	-
Amortization for the year	-	-340	-	-	340	-
New share Issue - 11 May	20,000	-	-	-	-	20,000
New share Issue - 31 July	20,499	-	-	-	-	20,499
Reduction of Capital @0.42	-39,485	-	-	-	39,485	-
Employee stock options	-	-	-	-	974	974
Issue Cost	-	-	-	-2,423	-	-2,423
Closing balance 31 December 2023	**139,380**	**170**	**123,031**	**726,181**	**-570,139**	**418,623**

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, and OEM.

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, 2024. 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 13, 2024.

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.

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.

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.

During the year 2023, Anoto AB sold 2.75 million shares it owned of KAIT at a value of USD 1 per share, for 29.6 MSEK. The valuation was done at USD 1 per share which has implied valuation of USD 9 million on an outstanding basis, and USD 12 million on a fully-diluted basis. Anoto is still the largest shareholder of KAIT but the sale resulted in Anoto owning 47%, and a loss of controlling interest, in accordance with IFRS 10. Subsequent to the deconsolidation, employee loans to KAIT were converted to shares which led to further dilution from 47% to 45%. Deconsolidation of KAIT was done as at 31 July 2023. This annual report includes consolidated numbers until July 2023 and non-consolidated from August to December 2023. As of 31 December 2023, KAIT is booked as an investment in associate rather than a segment of Anoto on the balance sheet.

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, such as inventory, fixed assets, and intangible assets are 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. Subsidiaries with a different functional currency include Anoto Inc and Livescribe Inc (USD), Anoto LTD (GBP), Anoto Korea (KRW), Anoto Portugal (EUR), Anoto Singapore (SGD), and Anoto Canada (CAD). 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).

Performance obligations by revenue type is determined as below:

- 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 23 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.

Indications of impairment were identified in 2023 to the Group's remaining goodwill. Impairment loss to Goodwill totalling 96.8 MSEK (37.6 MSEK and 59.3 MSEK for Anoto Korea and Livescribe, respectively) was booked in profit and loss in the Group's financial statements for the year. Discount factors of 21.40% (22.41%) and a perpetual growth rate after 5 years of 2.0% (2.0%) have been used for Anoto Korea and a discount factor of 18.86% (22.41%) and a perpetual growth rate after 5 years of 2.0% (2.0%) have been used for Livescribe in this year's impairment testing. 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.

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. For more information on capitalized research and development costs, please refer to Note 19. 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

The Group makes use of a simplified approach in accounting 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. Refer to Note 30 is a detailed analysis of how the impairment requirements of IFRS 9 are applied.

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. In 2023, the Group has two office leases reporting under IFRS 16. For more information, please see note 36.

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 2023 and 2022.

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 30 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 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. The cost of inventories includes costs incurred to purchase inventory assets and transport them to their current location at their current states.

In 2023, write downs of 544 KSEK were included in costs of goods sold due to obsolescence and damaged goods.

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.

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 10 "Remuneration for senior executives", Note 34 "Share based payments to employees" and Note 39 "Related party transactions". There were no other transactions with related parties.

Segment reporting

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

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

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

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

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group´s headquarter and the illustrative research lab in Korea. For more information on this, see note 3.

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.

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. The achievement of these cash flows is dependent on management's ability to successfully execute the company's strategic goals. There can be no assurance that these goals will be achieved, and there is inherent uncertainty in any forecast of future cash flows.

As a part of the annual closing process, Anoto tested the value of the Group goodwill and found that there were Indications of impairment to the Group's remaining goodwill for the current period. Impairment loss to Goodwill totalling 96.8 MSEK (37.6 MSEK and 59.3 MSEK for Anoto Korea and Livescribe, respectively) was booked in profit and loss in the Group's financial statements for the year. The group will continue to review the carrying amount of goodwill against the progress made in the business and specifically in the cash generating unit to which goodwill have been allocated and further adjust goodwill as appropriate.

The reported value for goodwill is MSEK 29 as of the balance sheet date. For additional information, refer to Note 23.

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 19 and 22.

When testing for impairment losses, the value in use is calculated for the technology and products developed by the group. As a part of the annual closing process, Anoto tested the Group's capitalized development expenditures for impairment and found indications of impairment for three assets, two of which are related to KAIT, which has been deconsolidated from the Group during the year and one, which is nearing its end of life. After assessing the recoverable value of these assets against value in use, an impairment totalling 7.0 MSEK was booked for the Group. For additional information, refer to Note 19. 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.

Deconsolidation and Impairment testing of KAIT

In accordance with IFRS 10, in assessing the deconsolidation of KAIT, in addition to loss of controlling ownership interest, Anoto also assessed other factors influencing control. Specifically, it was determined that Anoto no longer had ability to direct or significantly influence KAIT's relevant activities, as there was no overlap in management or board of directors between Anoto and KAIT, upon the resignation of Joonhee Won as CEO of Anoto and Jorgen Durban as Chairman of the Board. Subsequent to deconsolidation and year end, Joonhee Won was reappointed interim CEO of Anoto in early 2024 for a brief period, after which current interim CEO Mats Karlsson was appointed. We believe Joonhee's brief term as interim CEO does not change that status of Anoto's loss of controlling influence over KAIT. The evaluation of the loss of control required management's judgement and assessment that Anoto and KAIT remain independent of each other on an ongoing basis.

As a part of the annual closing process, Anoto tested the value of the Group investment in KAIT and found there is evidence of impairment for the current period. When testing for impairment losses, the value in use is calculated and is based on the estimated future cash flows that KAIT is expected to give rise to. The recoverable amount is defined as its net realizable value or value in use, whichever is higher. When testing for impairment losses, the value in use is calculated based on the estimated future cash flows that KAIT is expected to give rise to. There is significant uncertainty in forecasting future cash flows for KAIT given the status of this entity as a pre-revenue start-up, alongside the extremely rapidly evolving marketplace for AI products in the education sector. Based on management's best estimate of KAIT's net realizable value, it was determined that Anoto's carrying amount of KAIT exceeds its recoverable amount. We therefore recognized an impairment loss of 38.4 MSEK to Anoto's remaining fair value investment in KAIT and 13.6 MSEK to Anoto's loans receivable from KAIT. The reduction in the calculated value in use was primarily due to the expected large order of several hundred thousand pens and associated software licensing agreements, from a Middle Eastern government, not coming through. More information on this can be found in note 40.

The group will continue to review the carrying amounts of its assets related to KAIT against the progress made in the business.

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 2023 to MSEK 3 (2). 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):

2023:

	0-3 months	4-6 months	7-12 months	1-3 years
Borrowings	8,418	0	0	15,600
Long terms Liabilities	0	0	0	174
Lease Liabilities	110	111	224	0
Accounts payable	22,026	0	0	0
Other current liabilities	37,798	0	0	0

2022:

	0-3 months	4-6 months	7-12 months	1-3 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

Given current liabilities exceed current assets at period end, management recognizes the liquidity risk faced by the Group. Management and the board are of the opinion that the year 2024 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 are not 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.

Currency exposure and currency policy

Transaction exposure

Transaction exposure arises when the entities within the group have revenue or expenses in a currency other than its functional currency. Anoto has significant currency flows in USD, EUR, GBP, and KRW because most of its invoicing are denominated in these currencies. However, as GBP and KRW are mainly used in our UK and Korean entities respectively, where the functional currency is the same, the transaction exposure in these currencies is low. The 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 for the European market and expenses in our Swedish entities.

The net exposure in USD is attributable to revenue and expenses in USD in a number of subsidiaries, notably Anoto Korea and Anoto AB, where the functional currency is not USD. The Group also uses USD for intercompany transactions, which results in transaction exposure within local entities.

Sensitivity analysis exposure

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

USD	(+/-) 3.1 MSEK
EUR	(+/-) 0.0 MSEK
GBP	(+/-) 0.0 MSEK
KRW	(+/-) 1.3 MSEK
SGD	(+/-) 0.0 MSEK
CAD	(+/-) 0.0 MSEK

Translation exposure

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

USD	(+/-) 16.9 MSEK
EUR	(+/-) 0.0 MSEK
GBP	(+/-) 5.8 MSEK
KRW	(+/-) 5.9 MSEK
SGD	(+/-) 0.1 MSEK
CAD	(+/-) 0.0 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 35.

Other Price risk

The Group carries other long term investments at fair value. For more information about impairment in 2023, please see note 39 and 40. 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 30. Expected loss rates are based on the payment profile for sales over the past 24 months before 31 December 2023, 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.

For additional information about credit risk in receivables from related parties and impairments done in 2023, please see note 39. 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.

Note 5 – 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 2023**	**Group 2022**
Revenues		
Total Reportable Segment reporting	60,786	106,526
Elimination of intersegment revenues	-17,774	-37,165
Group Revenues	**43,012**	**69,362**
Profit and Losses		
Total Reportable Segment reporting	-113,068	-134,523
Other expenses not allocated	-16,044	-19,222
Elimination of intersegment Profit	17,774	37,165
Group Operating Profit	**-68,326**	**-47,219**
Financial costs	-16,367	-21,252
Finance income	699	37,484
Group Profit before taxes	**-83,995**	**-30,987**

(KSEK)	Group 2023	Group 2022
Assets		
Total Reportable Segment Assets	397,041	109,165
Other Assets	-253,426	129,567
Group Assets	**143,615**	**238,732**

(KSEK)	Group 2023	Group 2022
Liabilities		
Total Reportable Segment Liabilities	767,986	99,362
Other Liabilities	-683,702	47,720
Group Liabilities	**84,284**	**147,082**

	For the year ended 31 December 2023					
(KSEK)	**Enterprise Forms**	**Livescribe**	**OEM**	**KAIT**	**Other**	**Total**
Revenue						
From external customers	19,961	23,073	-21	0	-	43,012
From other segments	1,638	1,538	14,598	-	-17,774	0
Segment Revenue	21,599	24,610	14,577	0	-17,774	43,012
Costs of Goods Sold	3,927	17,982	11,839	0	-17,774	15,973
Depreciation and Amortization	3,575	1,520	1,903	0	7,503	14,502
Impairment of Intangibles[1)]	168	2,899	3,927	0	96,818	103,812
Other Operating Expenses[2)]	18,918	19,067	27,343	0	-88,278	-22,949
Segment Operating Profit	-4,988	-16,858	-30,436	0	16,044	-68,326
Segment Assets	293,761	56,966	46,314	0	-253,426	143,615
Segment Liabilities	415,178	173,621	179,187	0	-683,702	84,284

	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	37,165
Segment Revenue	18,196	28,338	59,704	288	-37,165	106,526
Costs of Goods Sold	1,121	14,184	10,871	284	-37,165	26,460
Depreciation and Amortization	4,832	1,293	5,597	469	2,044	14,235
Impairment of Intangibles			3,386			3,386
Other Operating Expenses	-949	23,149	7,956	25,165	17,178	72,498
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

[1)] includes impairment of capitalized R&D of 7.0 MSEK and impairment of goodwill of 96.8 MSEK, for more information, see note 19 and 23.

[2)] includes all operating income and costs, other than the ones listed separately above, namely amortization and depreciation and impairment of capitalized R&D. In 2023, amount included in "other" column includes the effect the sale of Anoto's sales in KAIT and the subsequent deconsolidation: a gain on sale of subsidiaries of 92.3 MSEK and a fair value gain on revaluation of the remaining interest in KAIT (Associated investment) of 44.7 MSEK, an subsequent impairment of 38.4 MSEK to the value .

NOTE 6 – Net sales and assets

Group sales by revenue type

(KSEK)	2023	2022
Hardware	32,452	41,137
Software & non-hardware revenue	10,560	28,224
Total	**43,012**	**69,362**

Group sales per market and per product group

(KSEK)	Enterprise Forms	Livescribe	OEM	Other	Total
Sweden	109	1,187			1,295
EMEA [1)]	12,268	2,896			15,164
Americas [2)]	7,192	18,990			26,182
APAC	392		(21)		371
31 December 2023 Total	**19,961**	**23,073**	**(21)**		**43,012**

[1)] 76% attributable to Germany and 15% to the UK
[2)] 83% attributable to United States and 17% to Canada

(KSEK)	Enterprise Forms	Livescribe	OEM	KAIT	Total
Sweden	593	788	-	-	1,381
EMEA	4,004	4,603	-	-	8,608
Americas [1)]	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**

[1)] 90% attributable to United States

The Group does not use variable pricing methods.

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 2023, the Group had two customer who comprised more than 10% of the Group's total revenue for the year – Deutsche Telekom IT GmbH (7.4 MSEK) and Amazon.com (7.9 MSEK).

Group assets per market

(KSEK)	Intangible assets		Tangible assets	
	2023	2022	2023	2022
Sweden	33,799	145,346	6	7
US	4,357	6,558	387	1590
UK	7,195	7,988	10	147
Korea	12,837	19,295	1,757	3412
Singapore	-	-	0	16
Canada	-	-	8	11
Jordan	-	-	0	28
Total	**58,188**	**179,186**	**2,168**	**5,212**

NOTE 7 – Average number of employees

	2023 No. of Ee's	2023 Of which are Men	2022 No. of Ee's	2022 Of which are Men
Group companies:				
Sweden	1	1	1	1
US	1	0	3	0
Korea	11	8	19	13
Singapore	1	1	2	1
Canada	1	0	1	0
Jordan	4	4	10	9
Total	**19**	**14**	**36**	**25**

The parent company has no employees

NOTE 8 – Board of Directors and management split by gender

	2023 No. of Ee's	2023 Of which are Men	2022 No. of Ee's	2022 Of which are Men
Board of Directors Parent company	4	4	4	4
Board of Directors Group companies	6	6	6	6
Total Board	**10**	**10**	**10**	**10**
Management Group companies	3	3	2	2
Total Management	**3**	**3**	**2**	**2**

NOTE 9 – Salaries and remuneration

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Salaries				
Board of Directors and CEO	6,187	6,750	1,780	1,500
Other senior executives	1,624	1,564	-	-
Other employees Sweden	339	341	-	-
Other employees US	-	2,668	-	-
Other employees Korea	8,578	10,625	-	-
Other employees Singapore	-	546	-	-
Other employees Canada	431	410	-	-
Other employees Jordan	-	3,330	-	-
Total salaries	**17,159**	**26,234**	**1,780**	**1,500**
Payroll overhead				
Board of Directors and CEO	1,279	977	1,232	902
Other senior executives	205	199	27	52
Other employees Sweden	115	123	8	16
Other employees US	-	940	-	-
Other employees Korea	923	1,494	57	109
Other employees Portugal	23	20	-	-
Other employees Singapore	-	15	-	-
Other employees Canada	51	61	-	-
Other employees Jordan	-	549	-	-
Total payroll overhead	**2,596**	**4,378**	**1,325**	**1,078**
Pension expenses				
Other employees Korea	638	767	-	-
Total pension expenses	**638**	**767**	**-**	**-**
Total salaries and remunerations	**20,393**	**31,379**	**3,106**	**2,578**

Whereof:				
Sweden	3,705	2,866	3,106	2,578
US	-	3,608	-	-
Korea	11,968	14,649	-	-
Portugal	23	20	-	-
Singapore	4,215	5,886	-	-
Canada	482	471	-	-
Jordan	-	3,879	-	-
Total	**20,393**	**31,379**	**3,106**	**2,578**

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

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Selling expenses	7,822	9,509	-	-
R&D expenses	4,054	4,950	-	-
Administrative expenses	8,517	16,920	3,106	2,578
Total	**20,393**	**31,379**	**3,106**	**2,578**

Salary and remuneration in Korea include severance benefits accrued in accordance with local labour laws, which vary depending on a number of factors, including length of service, average wage, and reason for severance.

NOTE 10 – Remuneration of the Board of Directors, CEO and management

Board and CEO 2023	(KSEK)	Salary/ Remuneration	Bonus	Pension	Other Remuneration	Total
Hans Haywood	CEO	462	-	-	-	462
Joonhee Won	Ex-CEO	4,168	-	-	411	4,579
Dennis Song	Chairman of the Board	332	-	-	-	332
Jorgen Durban	Ex-Chairman of the Board	697	-	-	411	1,108
Anders Sjogren	Ex-Chairman of the Board	348	-	-	-	348
Hyun Yong Kim	Board Member	150	-	-	-	150
Injoon Jeong	Board Member	16	-	-	-	16
Pedro Pinto	Board Member	16	-	-	-	16
Total [1)]		**6,187**	**-**	**-**	**822**	**7,009**

Board and CEO 2022	(KSEK)	Salary/ Remuneration	Bonus	Pension	Other Remuneration	Total
Joonhee Won	CEO	5,250	-	-	395	5,645
Jorgen Durban	Chairman of the Board	600	-	-	501	1,101
Anders Sjogren	Board Member	300	-	-	-	300
Dennis Song	Board Member	300	-	-	-	300
Hyun Yong Kim	Board Member	300	-	-	-	300
Total [1)]		**6,750**	**-**	**-**	**896**	**7,646**

Management 2023	Salary/ Remuneration	Bonus	Pension	Other Remuneration	Total
Other senior executives [2)]	1,624	-	-	205	1,829
Total	**1,624**	-	**-**	**205**	**1,829**

Management 2022	Salary/ Remuneration	Bonus	Pension	Other Remuneration	Total
Other senior executives [2)]	1,564	-	-	52	1,616
Total	**1,564**	-	**-**	**52**	**1,616**

[1] Compensation to Board members (Board fees) are paid from the parent company. Compensation to the CEO may originate from other Group companies or associate companies. There are no severance payments payable to CEO and board members upon termination.
[2] Compensation to Group management may originate from Group companies.

Guidelines for compensation to the Executives of the Company (Annual General meeting 2023)

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 11 – 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 2023	Group 2022	Parent company 2023	Parent company 2022
BDO				
Audit assignment, BDO	3,585	2,502	3,585	2,502
Audit activities other than audit assignment	-	25	-	25
Tax advisory services	-	-	-	-
Other services	-	-	-	-
Total	**3,585**	**2,527**	**3,585**	**2,527**
Other auditors				
Audit assignment, other auditors	96	148	-	-
Tax advisory services	-	382	-	92
Total	**96**	**531**	**-**	**92**
Total	**3,680**	**3,057**	**3,585**	**2,618**

NOTE 12 – Operating costs by type

(KSEK)	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Cost of goods sold		-15,973	-26,460	-	-
Personnel cost	9	-20,393	-31,379	-3,106	-1,078
External services		-15,955	-25,270	-6,096	-5,224
Rent		-455	-1,772	-243	-473
Travel expenses		-1,785	-3,622	-1,306	-1,448
Marketing and PR		-4,537	-5,207	-	-
Depreciation and amortisation	15	-14,502	-14,235	-639	-639
Impairment of assets 1)	15,19,23	-103,812	-	-	-
Other expenses		-7,997	-12,916	-781	-781
Total		**-185,410**	**-120,861**	**-12,170**	**-9,643**

1) includes impairment of capitalized R&D of 7.0 MSEK and impairment of goodwill of 96.8 MSEK, for more information, see note 19 and 23.

NOTE 13 – Other operating income

(KSEK)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Exchange gains	-	14,618	-	-
Proceeds from sale of participation in group companies including revaluation gain on retained investment	137,065	-	-	-
Other operating income	30	1,470	-	-
Total	**137,096**	**16,088**	**-**	**-**

Anoto AB sold 2.75 million shares it owned of KAIT at a value of USD 1 per share, for 29.6 MSEK. The valuation was done at USD 1 per share which has implied valuation of USD 9 million on an outstanding basis, and USD 12 million on a fully-diluted basis. Anoto is still the largest shareholder of KAIT but the sale resulted in Anoto owning 47%, and a loss of controlling interest. The effect of the transaction means a gain on sale of subsidiaries of 92.3 MSEK, as well as a fair value gain on revaluation of the remaining interest in KAIT (Associated investment) of 44.7 MSEK. Subsequently at year end, Anoto's carrying value of KAIT was tested for impairment by calculating its recoverable amount and recognized an impairment loss of 38.4 MSEK to Anoto's remaining fair value investment in KAIT and 13.6 MSEK to Anoto's loans receivable from KAIT. More information on this can be found in note 40.

NOTE 14 – Other operating costs

(KSEK)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Other operating expenses 1)	-1,562	-10,894	-	-
Results from Associates	-6,267	-	-	
Loss on Sales of Fixed Assets	-100	-912	-	-
Exchange losses	-3,051	-	-	-
Loss at valuation to fair value of investment 2)	-38,453			
Impairment of receivables from associates	-13,591			
Total	**-63,024**	**-11,806**	**0**	**0**

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

2) Impairment loss of 38.4 MSEK to Anoto's remaining fair value investment in KAIT, for more information, see note 40

NOTE 15 – 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 2023	Group 2022	Parent company 2023	Parent company 2022
Amortization intangible fixed assets				
Research & development expenses	-13,138	-12,036	-639	-639
Total amortization intangible fixed assets	**-13,138**	**-12,036**	**-639**	**-639**
Depreciation tangible fixed assets				
Administrative expenses	-1,364	-2,199	-	-
Total depreciation tangible fixed assets	**-1,364**	**-2,199**	**-**	**-**
Impairment intangible fixed assets				
Research & development expenses[1)]	-103,812	-	-	-
Total impairment intangible fixed assets	**-103,812**	**-**	**-**	**-**
Total amortization, depreciation and impairment	**-118,314**	**-14,235**	**-639**	**-639**

[1)] Goodwill was also tested for impairment, resulting in an impairment of 96.8 MSEK, which includes a full impairment of Anoto Korea's goodwill 37.6 MSEK and an impairment of 59.3 MSEK for the Group's impairment in Livescribe, reducing the Group's total goodwill from 126 MSEK to 29 MSEK. For more information on this, see Note 23.

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. Capitalized technology was tested for impairment during the fourth quarter of fiscal year 2023 and we noted indicators for impairment for Echo2, as its book value exceeded its estimate future cash flow, as such an impairment of 4,160 MSEK was booked, reducing the value of the asset from 4,904 KSEK to 744 KSEK. We also noted indictors for impairment for KAIT related capitalized expenditures. Given KAIT's deconsolidation from the Group, capitalized expenditures of 2,834 MSEK related to KAIT have been fully impaired.

NOTE 16 – Profit/loss on participations in group companies – Parent Company

(KSEK)	Parent company 2023	Parent company 2022
Impairment of shares	- 8,320	0
Total	**- 8,320**	**0**

The parent company's participation in group companies was tested for impairment at year end and in assessing the carrying amount of the investment against cash and net debt, there were indicators for impairment for the parent company's remaining participation in Anoto Korea (6,174 KSEK) and Anoto AB (2,145 KSEK). For more information, see note 25.

NOTE 17 – Financial income and expenses

(KSEK)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Financial income				
Interest income	699	-	246	-
Interest from Group companies	-	-	7,486	7,622
Exchange gains	-	37,484	9	93,072
Total financial income	**699**	**37,484**	**7,741**	**100,694**
Financial expenses				
Interest expenses on loans	-4,632	-5,875	-3,761	-3,757
Interest expenses on leases	-	-37	-	-
Other financial expenses [1)]	-1,130	-443	-65,582	-97,468
Exchange losses	-10,605	-14,898	-9,464	-
Total financial cost	**-16,367**	**-21,252**	**-78,807**	**-101,226**
Total financial net income/(expense)	**-15,668**	**16,231**	**-71,067**	**-531**

[1)] 2023 amount in the parent company comprises primarily of the parent company's write-off of intercompany loans receivable from group companies totaling 64.1 MSEK. For more information, see note 26. 2022 amount in the parent company comprised primarily of group contributions to Anoto AB (-97.5 MSEK), as a transfer of profits for tax planning purposes, in accordance with Swedish tax regulations.

NOTE 18 – Income taxes and deferred taxes

(KSEK)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Deferred tax	-244	84	0	0
Total	**-244**	**84**	**0**	**0**

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

(KSEK)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Reported profit/(loss) before tax	-83,995	-30,987	-79,750	71
Tax in accordance with current tax rate of 20,6% (20,6%)	17,303	6,383	16,429	-15
Tax impact of non-deductible expenses	30,892	10	208	10
Tax impact of non-taxable income	-28,235	-	-	-
Increase/decrease of tax deficits without corresponding capitalization	-20,203	-6,310	-16,637	4
Tax reported	**-244**	**84**	**0**	**0**

Tax deficit

(KSEK)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Opening balance Swedish companies	-1,181,648	-1,158,060	-246,526	-246,598
Opening balance foreign companies	-1,571,052	-1,369,175	-	-
Opening balance adjust from prior year	-	-	-	-
Tax deficit of the year Swedish companies	-95,693	-23,588	-79,750	71
Tax deficit of the year foreign companies	-90,289	-201,877	-	-
Closing tax deficit	**-2,938,682**	**-2,752,700**	**-326,277**	**-246,526**
Nominal amount, tax asset 20.6% Swedish companies	**574,795**	**567,056**	**67,213**	**50,784**

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 19 – Capitalised development expenditures

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Accumulated historical cost				
Opening accumulated historical cost	155,113	153,098	-	-
Capitalization for the year [1)]	1,337	1,404	-	-
Translation difference	9	611	-	-
Closing accumulated historical cost	**156,458**	**155,113**	**-**	**-**
Accumulated amortization				
Opening accumulated amortization	-58,076	-46,553	-	-
Amortization for the year according to plan	-12,131	-11,523	-	-
Closing accumulated amortization	**-70,207**	**-58,076**	**-**	**-**
Accumulated impairment losses				
Opening accumulated impairment losses	-59,349	-55,963	-	-
Impairment losses for the year [2)]	-6,994	-3,386	-	-
Closing accumulated impairment losses	**-66,343**	**-59,349**	**-**	**-**
Closing residual value	**19,939**	**37,687**	**-**	**-**

[1)] Internally developed
[2)] 2023 value consists of a partial impairment of Echo2 and a full impairment of assets related to KAIT, which was deconslidated from the Group during the year. 2022 value 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.

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

Carrying amount and remaining amortization period of significant assets:
Livescribe+ App – 1,724 KSEK – 1 years remaining
Echo2 – 744 KSEK – 3 years remaining
ACE: Anoto Cloud for Enterprise – 8,992 – 4 years remaining

Remaining portion 8,479 KSEK is made up of non-significant projects (354 KSEK) and projects in-progress (8,125 KSEK). Projects in-progress mainly consists of 3 projects, which are expected to launch in Q2 and Q4 2024 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 15.

Capitalized technology was tested for impairment during the fourth quarter of fiscal year 2023 and we noted indicators for impairment for Echo2, as its book value exceeded its estimate future cash flow, as such an impairment of 4,160 KSEK was booked, reducing the value of the asset from 4,904 KSEK to 744 KSEK. We also noted indictors for impairment for KAIT related capitalized expenditures.   Given KAIT's deconsolidation from the Group, capitalized expenditures of 2,834 MSEK related to KAIT have been fully impaired. 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 20 – Patents

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Accumulated historical cost				
Opening accumulated historical cost	80,167	79,247	13,996	13,996
Acquisitions	684	954	-	-
Translation difference	-67	-34	-	-
Closing accumulated historical cost	**80,784**	**80,167**	**13,996**	**13,996**
Accumulated amortization				
Opening accumulated amortization	-76,059	-75,968	-13,996	-13,996
Amortization for the year according to plan	-597	-90	-	-
Closing amortization	**-76,656**	**-76,059**	**-13,996**	**-13,996**
Closing residual value	**4,128**	**4,108**	**-**	**-**

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 15.

NOTE 21 – Brands

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Accumulated historical cost				
Opening accumulated historical cost	2,779	2,539	104	104
Acquisitions	158	57	-	-
Translation difference	-11	183	-	-
Closing accumulated historical cost	**2,925**	**2,779**	**104**	**104**
Accumulated amortization and impairment losses				
Opening accumulated amortization	-2,357	-2,284	-104	-104
Amortization for the year according to plan	-58	-72	-	-
Closing amortization and impairment losses	**-2,414**	**-2,357**	**-104**	**-104**
Closing residual value	**511**	**422**	**-**	**-**

Amortization by function is shown in note 15.

NOTE 22 – Other intangible assets

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
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	-54,333	-53,995	-2,614	-1,976
Amortization for the year according to plan	-352	-350	-639	-639
Translation difference	-6	12	-	-
Closing amortization and impairment losses	**-54,692**	**-54,333**	**-3,253**	**-2,614**
Closing residual value	**4,161**	**4,519**	**4,258**	**4,897**

Comprises mainly of IP licenses used in our manufactured hardware.
Amortization by function is shown in note 15.

NOTE 23 – Goodwill

(KSEK) **2023**	Livescribe	Anoto Korea	Total
Accumulated historical cost 2023			
Opening accumulated historical cost	123,545	40,247	163,792
Translation differences	-4,682	-2,688	-7,370
Closing accumulated historical cost 2023	**118,863**	**37,559**	**156,422**
Opening accumulated impairment losses	-31,342	-	-31,342
Translation differences	1,188	-	1,188
Impairment losses for the year	-59,259	**-37,559**	-96,818
Closing accumulated impairment losses 2023	**-89,414**	-37,559	**-126,973**
Closing net balance 2023	**29,449**	**0**	**29,449**

(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**

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 in 2023, which resulted in a partial impairment of Livescribe (59.3 MSEK) and a full impairment of the Group's remaining goodwill in Anoto Korea (37.6 MSEK).

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 21.40% (22.41%) and a perpetual growth rate after 5 years of 2.0% (2.0%) have been used for Anoto Korea and a discount factor of 18.86% (22.41%) and a perpetual growth rate after 5 years of 2.0% (2.0%) have been used for Livescribe.

Five year forecasts and cash flow estimations have been prepared by management including new software revenue stream 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 growth in Anoto Korea's distribution of goods to other subsidiaries for sale.

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 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 rates of 21.40% and 18.86% for Anoto Korea and Livescribe respectively, 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.

Given impairments were recognized for both CGU's in 2023 to bring carrying value down to recoverable value, any changes to the variables in the impairment test, in the case of Livescribe would result in further impairment. And in the case of Anoto Korea, where goodwill was reduced to zero, any changes to the assumed values below will have no further impact on impairment of its goodwill.

(KSEK)	Livescribe Assumed Value	Livescribe Changed Value	Anoto Korea Assumed Value	Anoto Korea Changed Value
2023				
Perpetual growth rate	2.00%	2.00%	2.00%	2.00%
Discount rate before tax	18.86%	18.86%	21.40%	21.40%
Gross Profit	20%-35%	20%-35%	19%-24%	19%-24%
Cost increase	3%-32%	3%-32%	5%-28%	5%-28%

(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%

NOTE 24 – Property, plant, and equipment

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Accumulated historical cost				
Opening accumulated historical cost	65,163	62,232	-	-
Additions for the year	351	2,528	-	-
Translation difference	-347	404	-	-
Closing accumulated historical cost	**65,167**	**65,163**	**-**	**-**
Accumulated depreciation and impairment				
Opening accumulated depreciation	-59,952	-57,824	-	-
Depreciation for the year according to plan	-2,274	-2,199	-	-
Sales of Fixed Assets	-93	-912	-	-
Deconsolidation of KAIT assets	-681	0		
IFRS 16 Adjustment	0	983	-	-
Closing depreciation and impairment losses	**-62,999**	**-59,952**	**-**	**-**
Closing residual value	**2,168**	**5,212**	**-**	**-**

NOTE 25 – Participation in Group companies

(KSEK)	Parent Company 2023	Parent Company 2022
Opening balance acquisition cost	9,156	9,156
Additions for the year	0	0
Impairment loss for the year [1)]	- 8,320	0
Total	**836**	**9,156**

[1)] The parent company's participation in group companies was tested for impairment at year end and in assessing the carrying amount of the investment against cash and net debt, there were indicators for impairment for the parent company's remaining participation in Anoto Korea (6,174 KSEK) and Anoto AB (2,145 KSEK).

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%	-9,673	0
XMS Pension AB	556708-4685	Stockholm	611,731	93.20%	1,031	836
Anoto Korea Inc. [1)]	129-86-60962	Seongnam	20,000,000	100%	-132,873	0
						836

[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%

NOTE 26 – Receivables in Group companies

(KSEK)	Parent Company 2023	Parent Company 2022
Anoto AB	256,269	352,932
Anoto Inc.	9,546	37,753
Anoto LTD	3,241	3,474
Anoto Korea	33,909	34,878
Livescribe Inc.	51,186	51,863
Anoto Singapore	158	93
Anoto Portugal	1,374	1,725
KAIT US [1)]	0	25,049
Anoto Canada	4	1
XMS	5	5
KAIT SG [1)]	0	1
Total	**355,692**	**507,774**

[1)] KAIT entities were deconsolidated from Anoto during 2023 and is therefore no longer considered a Group company

The parent company has significant receivables from subsidiaries. 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. Indications of impairment were noted on receivables from the following entities and booked as a financial expense in the parent company's financial statements.

Impairment of receivables in Group companies:

Anoto Korea	(28,635)
Anoto Singapore	(7,340)
Anoto Inc	(27,697)
Anoto Portugal	(382)
Total	**(64,054)**

NOTE 27 – Other long-term securities

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Opening balance	0	0	0	0
Losses at valuation to fair value of investment	0	0	0	0
Total	**0**	**0**	**0**	**0**

NOTE 28 – Other long-term Receivables

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Opening balance	1,483	3,648	-	87
Additions	231	1,277	-	-
Reclassification 1)	42,549	-2,861	13,738	-
Settlements	-1,000	-579	-	-87
Impairment 2)	-13,591	-	-	-
Total	**29,673**	**1,483**	**13,738**	**-**

1) 2023 amount relates to the deconsolidation of KAIT entities in July 2023, of which Anoto was previously majority shareholder. Post deconsolidation, KAIT is treated as an associate company, with Anoto owning 45% share. 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 44

2) Impairment of loans receivable from KAIT booked in Anoto AB, who was the parent company of KAIT prior to deconsolidation, as a result of impairment testing performed at year end.

NOTE 29 – Inventory

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Raw material (components)	5,339	4,909	-	-
Finished goods	23,068	35,497	-	-
Total	**28,407**	**40,406**	**-**	**-**

In 2023, a total of COGS 15,973 KSEK (2022: COGS 26,460 KSEK) of inventory was included in profit and losses as an expense. Of this amount, 544 KSEK is related to write-downs due to obsolete or damaged inventory.

NOTE 30 – Accounts receivable

(KSEK)	2023 Gross	2023 Net	2023 Provision %	2022 Gross	2022 Net	2022 Provision %
Not due	1,488	1,488	0%	2,196	1,449	34%
Due 1 - 30 days	2,372	2,372	0%	568	104	82%
Due 31 - 60 days	7,116	7,045	1%	67	-	100%
Due 61 - 90 days	194	-	100%	284	-2	101%
Due more than 90 days	4,042	2,600	36%	1,190	5	100%
Total	**15,212**	**13,505**	**11%**	**4,304**	**1,557**	**64%**

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 1,708 (2,747). Assessment of the need for provisions against accounts receivable more than 60 days overdue are made on an individual basis. As at the end of 2023, receivables over 90 days are 36% provided for. There was a reversal of loss allowance booked during the year (918 KSEK) indicating a recovery of aged receivables previously provisioned.

Changes in the allowance for doubtful accounts during the fiscal years ended December 31, 2023 and 2022 were as follows:

(KSEK)	2023	2022
Loss allowance as at 1 January	2,747	14,260
Loss allowance recognised during the year	-918	-563
Receivables written off during the year	-122	-10,950
Loss allowance as at 31 December	**1,708**	**2,747**

Apart from the reserve for bad debts, the company believes that the credit worthiness of its customers is satisfactory. No security related to accounts receivable are held by Anoto.

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

	2023			2022		
Concentration of credit risk	**Number of customers**	**% Total number of customers**	**% Share of value**	**Number of customers**	**% Total number of customers**	**% Share of value**
Exposure < 1 MSEK	48	92%	29%	34	92%	76%
Exposure 1-10 MSEK	4	8%	71%	3	8%	24%
Exposure > 10 MSEK	0	0%	0%	0	0%	0%
Total	**52**	**100%**	**100%**	**37**	**100%**	**100%**

NOTE 31 – Prepaid expenses and accrued income

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Prepaid insurance	235	741	190	573
Prepaid software licenses	443	354	93	17
Prepaid legal fees	-	9	-	-
Prepaid contractor fee	1,985	1,881	1,985	-
Prepaid manufacturing costs	826	1,985	-	1,985
Other	24	241	-	-
Total	**3,514**	**5,210**	**2,268**	**2,575**

NOTE 32 – Provisions for product warranty commitments

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Opening balance	219	3,656	-	-
New provisions	73	214	-	-
Unutilized amount returned	-	-3,650	-	-
Total	**293**	**219**	**-**	**-**

Provisions for product warranty commitments relate essentially to the sale of pens during 2023 and 2022. 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 33 – Accrued expenses and deferred income

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Accrued employee compensation and benefits	4,538	5,917	0	-
Accrued royalties and interest	414	5,863	378	4,696
Accrued board compensation	3,995	3,665	3,995	3,665
Deferred income	7,979	4,309	0	-
Other services and goods	7,246	3,759	2,758	14
Total	**24,172**	**23,513**	**7,131**	**8,375**

Revenue recognized in 2023 that was included in contract liability (deferred income) balance at the beginning of the period KSEK 4,309.

NOTE 34 – Share-based payments to employees

Option Program

As of December 31, 2023, Anoto Group has the following valid option programs:

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 2023, 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. Upon Jorgen Durban's resignation from the Board in 2023, it was resolved that his options shall be considered to be vested for two years, corresponding to two-thirds of the 7 million options awarded to Jörgen Durban within the framework of the aforementioned incentive program. The options of series shall be exercisable at the third annual general meeting that follows the grant of the options (Annual General Meeting 2025). The options shall thereafter be exercisable for two years from the first day on which they can be exercised. As of 31 December 2023, there were 11,666,667 options outstanding.

Grant Date	Strike Price	Expiry	Number of Options 2023	2022
6/30/2021	1.06	6/29/2026	3,400,000	3,400,000
8/19/2021	1.06	3/5/2025	2,156,581	2,156,581
7/17/2022	0.81	7/16/2027	11,666,667	14,000,000

	2023		2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	0.88	19,556,581	3.34	23,807,424
Granted during the year	-	-	0.81	14,000,000
Exercised during the year	-	-	-	-
Forfeited during the year	0.81	2,333,333	4.03	-18,250,843
As at 31 December	0.89	17,223,248	0.88	19,556,581
Vested and exercisable at 31 December		12,962,136		5,801,025

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, 2023, the value of outstanding options amounts to KSEK 2,634 (2,962). A total of KSEK 974 (1,078) has been charged as personnel costs in the income statement. This amount does not include social security cost.

NOTE 35 – Interest bearing liabilities

(KSEK)	Nominal interest	Maturity	2023 Nom. Value	2023 Book value	2022 Nom. Value	2022 Book value
Third party loans	2.0%-15.0%	2024	8,242	8,242	70,677	70,677
Leasing	3%	2024	445	445	1,489	1,489
Total interest bearing liabilities			**8,686**	**8,686**	**72,166**	**72,166**

NOTE 36 – Leasing

The leasing cost of assets amounted to KSEK 1,059 (1,402) and interest costs amounted to KSEK 27 (37). Right-of use assets are included in the balance sheet under property, plant and equipment, and the corresponding lease liability is included in current liabilities.

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

(KSEK)	Right-of-Use Asset	Lease Liability
1/1/2023	**1,409**	**1489**
Amortization	-1,059	-1059
Remeasurement upon lease renewal [1)]	0	15
12/31/2023	**349**	**445**

[1)] Lease renewal of Boston office in Q1 2023

Future minimum lease payments at 31 December 2023 are as follows:

	Within 1 Year	1-2 Years	Total
31-Dec-23			
Lease Payments	452	-	452
Finance Charges	-7	-	-7
Net Present Value	**445**	**-**	**445**

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:

(KSEK)	Group 2023	Group 2022
Short-term lease	-	808
Leases of low value assets	-	-
Variable lease payments	240	936
	240	**1,744**

NOTE 37 – 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
1/1/2023	**14,183**	**56,494**	**70,677**
Cash flows:			
- Repayments	-14,183	-24,798	-38,980
- Proceeds	15,600	10,455	26,055
Non-cash			
- Reclassification 1)	0	-33,465	-33,465
12/31/2023	**15,600**	**8,686**	**24,286**

(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 2)	14,072	-1,093	12,979
12/31/2022	**14,183**	**56,494**	**70,677**

1)Deconsolidation of KAIT entities in 2023 removed their liabilities from the Group's balance sheet (34 MSEK) during the year
2)Reclassification of unpaid salaries to CEO, Joonhee Won from current liabilities to long-term borrowings (14 MSEK) in 2022

NOTE 38 – Financial instruments

Group 2023	Amortised Cost	FVTPL	FVOCI	Derivatives used for hedging (FV)	Total
Accounts receivable and other short- and long-term receivables	43,178	-	-	-	43,178
Liquid assets, incl. current investment	2,616	-	-	-	2,616
Assets	**45,794**	**-**	**-**	**-**	**45,794**
Convertible debt and short-term loans1)	24,286	-	-	-	24,286
Accounts payable	22,026	-	-	-	22,026
Other liabilities	10,926	-	-	-	10,926
Liabilities	**57,238**	**-**	**-**	**-**	**57,238**

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**

[1)]2023 convertible debt comprises of 15.6 MSEK loan secured during the year. The investors have the right to convert the loan into equity at market price without discount, as an alternative to cash repayment. 2022 convertible debt comprises 15 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 41.

NOTE 39 – Related parties

Parent Company

Related parties (KSEK)		Selling of goods and services	Purchasing of goods and services	Other	Receivable from related party on 31 December	Liability to related party on 31 December
Group company	**2023**	11,806	-	-	441,132	-5,732
Associate company	**2023**	-	-	-	13,738	-
Group company	**2022**	10,246	-	-	579,339	-99,756
Associate company	**2022**	-	-	-	-	-

Loans from the parent company to subsidiaries uses a 2% normal interest rate. 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. In 2023, indications of impairment were noted on receivables totaling 64.1 MSEK and booked as a financial expense in the parent company's financial statements. For more information, see note 26.

Group

Related parties (KSEK)		Selling of goods and services	Purchasing of goods and services	Sale of shares in KAIT	Receivable from related party on 31 December	Liability to related party on 31 December
Third party	**2023**	-	199	-14,616	-	-
Associate company	**2023**	-	1,447	-	32,259	1,617
Third party	**2022**	-	43	-	-	35,959
Associate company	**2022**	-	-	-	-	-

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.

During the year, the group sold 1,250,000 shares in KAIT to the company's CEO Joonhee Won and 100,000 shares in KAIT to the company's then-current Chairman of the Board Jorgen Durban. The valuation of the shares in KAIT was made at the same level as the recent sale of KAIT shares to external investors, ie at a valuation of KAIT of USD 12 million. The total purchase price for the sold KAIT shares amounted to USD 1,350,000 (14.7 MSEK), of which the purchase of Joonhee Won's acquired shares amounted to USD 1,250,000 and the purchase price for Jorgen Durban's acquired shares amounted to USD 100,000.

During the year, subsequent to the deconsolidation of KAIT at the end of July 2023, the Group purchased services from KAIT employees and contractors, notably of CEO, Joonhee Won, who is an employee of KAIT. The group also has significant loans receivable from KAIT, with a nominal interest rate of 4%, which were provided to KAIT when it was a subsidiary of the Group to finance its start up expenses. The terms of the loans receivable dictate that the loans are repayable only when KAIT has on an accumulated basis over four million USD ($4,000,000) as available in liquid cash at bank, unless otherwise agreed in writing between the parties.

NOTE 40 – Investment in associates

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Accumulated historical cost				
Opening accumulated historical cost	-	-	-	-
Addition during the year	42,606	-	-	-
Associates net income for the year	-4,153			
Closing accumulated historical cost	**38,453**	**-**	**-**	**-**
Accumulated impairment losses				
Opening accumulated impairment losses	-	-	-	-
Impairment losses for the year	-38,453	-	-	-
Closing accumulated impairment losses	**-38,453**	**-**	**-**	**-**
Closing residual value	**-**	**-**	**-**	**-**

Anoto sold 2.75 million shares it owned of KAIT at a value of USD 1 per share, for 29.6 MSEK. The valuation was done at USD 1 per share which has implied valuation of USD 9 million on an outstanding basis, and USD 12 million on a fully-diluted basis. Anoto is still the largest shareholder of KAIT but the sale resulted in Anoto owning 47%, and a loss of controlling interest. Subsequent to the deconsolidation, employee loans to KAIT were converted to shares which led to further dilution from 47% to 45%.

In accordance with IFRS 10, in assessing the deconsolidation of KAIT, in addition to loss of controlling ownership interest, Anoto also assessed other factors influencing control. Specifically, it was determined that Anoto no longer had ability to direct or significantly influence KAIT's relevant activities, as there was no overlap in management or board of directors between Anoto and KAIT, upon the resignation of Joonhee Won as CEO of Anoto and Jorgen Durban as Chairman of the Board. Subsequent to deconsolidation and year end, Joonhee Won was reappointed interim CEO of Anoto in early 2024 for a brief period, after which current interim CEO Mats Karlsson was appointed. We believe Joonhee's brief term as interim CEO does not change that status of Anoto's loss of controlling influence over KAIT.

Deconsolidation of KAIT was done as at 31 July 2023. Consolidated numbers are included in the Group's results until July 2023 and non-consolidated from August to December 2023. Subsequent to deconsolidation, KAIT is booked as an investment in associate rather than a segment of Anoto on the balance sheet. Cash flow effects of the transaction can be found in note 43.

Subsequently at year end, Anoto's carrying value of KAIT was tested for impairment by calculating its recoverable amount. The recoverable amount is defined as its net realizable value or value in use, whichever is higher. There is significant uncertainty in forecasting future cash flows for KAIT given the status of this entity as a pre-revenue start-up, alongside the extremely rapidly evolving marketplace for AI products in the education sector. On this basis, when assessing the value of KAIT, a discount factor of 20.15% and a perpetual growth rate after 5 years of 2.0% have been used for its US market and a discount factor of 21.05% and a perpetual growth rate after 5 years of 2.0% have been used for its international market.

Based on management's best estimate of KAIT's net realizable value, it was determined that Anoto's carrying amount of KAIT exceeds its recoverable amount. We therefore recognized an impairment loss of 38.4 MSEK to Anoto's remaining fair value investment in KAIT and an additional 13.6 MSEK to Anoto's loans receivable from KAIT to reduce the carrying value of KAIT to its net recoverable amount.

NOTE 41 – 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	2023	2022
Registered opening balance	**230,611,964**	**215,658,150**
Rights Issue, 17 January 2022 [1]		6,611,186
Loan to Shares Conversion, 7 April 2022 [2]		6,666,666
Rights Issue, 3 October 2022 [3]		1,666,665
Options to Shares Conversion, 25 November 2022 [4]		9,297
Rights Issue, 11 May 2023 [5]	50,000,000	
Rights Issue, 17 July 2023 [6]	51,247,103	
Registered closing balance	**331,859,067**	**230,611,964**
Par value (SEK)	**0.4**	**0.6**

1) Rights Issue, price SEK 0.78
2) Loan to Shares Conversion, price SEK 0.75
3) Rights Issue, price SEK 0.60
4) Options to Shares Conversion, price SEK 4
5) Rights Issue, price SEK 0.40
6) Rights Issue, price SEK 0.40

Equity

(KSEK)	Group 2023	Group 2022
Translation reserve		
Accumulated exchange rate differences at beginning of the year	-34,559	-14,325
Exchange rate differences for the year	13,581	-20,234
Accumulated exchange rate differences at year end	**-20,977**	**-34,559**

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 2,537 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 2024 that no dividend is paid.

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 42 – Proposed Appropriation of Accumulated Result

(KSEK)	Parent Company 2023	Parent Company 2022
Retained earnings	235,792	197,345
Loss for the year	-79,750	71
Total	**156,042**	**197,416**

The Board of Directors propose that the reserves of KSEK 156,042 are carried forward.

NOTE 43 – Specification to Statement of Cash Flows

(KSEK)	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Cash and bank balances	2,616	1,721	6	613
Total	**2,616**	**1,721**	**6**	**613**

Other Items not affecting cash flow				
Exchange gains and losses	13,411	-37,484	974	258
Deconsolidation effect of KAIT	-122,092	-	-	-
Gain/losses at valuation to fair value [1)]	40,599	354	8,320	-
Impairment of loan receivables [2)]	13,591	-	64,054	-
Other [3)]	2,585	3,155	-	819
Total	**-51,907**	**-33,974**	**974**	**1,078**

[1)] 2023 amount for the Group consist primarily of the impairment of the Group's fair value investment of KAIT, for more information, see note 40. 2023 for parent company consist of write down of shares in group companies, for more information, see note 16.
[2)] 2023 amount for the Group consists of impairment of loans receivable in KAIT, and amount for the parent company consists of impairment of loans receivable group companies. See note 26 for more information.
[3)] 2023 amount primarily includes employee stock option expense (974) and impairment of capitalized R&D (1,527)

Deconsolidation effect of KAIT

Cash and cash equivalents	2,309
Other assets	1,662
Liabilities	-84,583
Equity	-80,612
Minority interest	17,912
Equity attributable to Anoto	**-62,700**
Conversion of loans to KAIT shares	14,671
Fair value gain in Group	44,721
Total deconsolidation effect of KAIT not affecting cash flow	**-122,092**

NOTE 44 – Contingent Liabilities

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 in our balance sheet, retained in accounts payable and as accrued expenses respectively.

NOTE 45 – Events after December 31, 2023

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 26 January, it was announced that Hans Haywood has resigned as interim CEO and the Board of Directors of Anoto appointed Joonhee Won to new interim CEO of the Company. The Board is actively searching for a new CEO and believe Joonhee's brief term as interim CEO does not change that status of Anoto's loss of controlling influence over KAIT.

2. On 28 February, it was announced that Hans Haywood and Pedro Pinto resigned from the Board of Directors of Anoto

3. On 8 March, the EGM resolved that the Board of Directors for the period until the end of the next AGM shall consist of Kevin Adeson, Pedro Pinto, Dennis Song and Erik Fällström as ordinary Board members and Alexander Fällström as deputy board member. The EGM elected Kevin Adeson as chairman of the Board of Directors. The EGM resolved that no remuneration shall be paid to the Board of Directors.

4. On 29 April, it was announced that Mats Karlsson has been appointed as interim CEO of Anoto, thereby replacing the current CEO Joonhee Won, who will be able to focus on leading the work of Knowledge AI Inc., a former subsidiary and currently associated company of Anoto.

NOTE 46 – 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 2023 relate to the parent company and its subsidiaries, jointly referred to as the Group.

NOTE 47 – 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 48 – 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, 2024. 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 13, 2024 for adoption.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with International Accounting Standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and present a true and fair view of the group's position and results, and that the group management report provides a true and fair overview of the development of the group's operations, position, and results, as well as describing significant risks and uncertainties facing the companies included in the Group.

The Annual Report has been prepared in accordance with generally accepted accounting standards and provides a true and fair view of the company's position and results. 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, 2024

Kevin Adeson
Chairman of the Board

Mats Karlsson
Interim CEO

Dennis Song
Board Member

Pedro Pinto
Board member

Erik Fällström
Board Member

Our auditor's report was submitted on April 30, 2024.

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 2023. The annual accounts and consolidated accounts of the company are included on pages 3-57 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 2023 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 2023 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 19 Capitalized expenses for development expenditures and Note 23 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 risk for liquidity problems and that the company may be unable to continue operations if revenue does not increase or capital cannot be raised in sufficient quantity. 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 2023 amount to SEK 43 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 58 million. Note 4 sets out principles for impairment tests and Note 23 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 2024. 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 4 and Note 23.

Valuation of inventory
The Group recognized inventory of SEK 28 million on December 31, 2023. 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 29 Inventories.

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

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 61-78 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.

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 2023 and the proposed appropriations of the company's profit or loss.

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

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

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

Other information
The company has securities admitted to trading on a regulated market and must publish its annual report and consolidated report in accordance with ch. 16. Section 4 of the Swedish Securities Market Act. Such a company must, according to ch. 16 § 4 a of that law, prepare its annual report and consolidated report in a format that enables uniform electronic reporting. At the time of the issuance of this auditor's report, no annual accounts and consolidated accounts have been drawn up in such a format as prescribed in ch. 16. Section 4 a of the Securities Market Act. We have therefore not been able to submit such a statement as is required according to ch. 9. Section 35 b of the Swedish Companies Act.

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

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

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

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

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

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

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

Remark
During the financial year, the company has not paid taxes on time.

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 April 30, 2024

BDO Mälardalen AB

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

Alternative performance measures

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

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

Operating profit/loss

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

(KSEK)	Group 2023	Group 2022
Gross profit	**27,038**	**42,901**
Selling expenses	-25,746	-28,607
Administrative expenses	-13,341	-14,892
Research & development expenses	-130,349	-50,902
Other operating income	137,096	16,088
Other operating cost	-63,024	-11,806
Operating profit/loss	**-68,326**	**-47,219**

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 2023	Group 2022
Operating profit/loss	-68,326	-47,219
Operating margin	**-158.85%**	**-68.08%**

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 2023	Group 2022
Cash flow	734	-2,520
Weighted average number of ordinary shares	286,114,064	227,263,704
SEK	**0.00**	**-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 2023	Group 2022
Total assets	143,615	238,732
Equity attributable to the shareholders of Anoto Group AB	59,330	110,997
	41.31%	**46.49%**

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 2023	Group 2022
Operating profit/loss	-68,326	-47,219
Depreciation and amortisation	118,314	14,235
EBITDA	**49,988**	**-32,983**

Shareholders' equity per share

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

(KSEK)	Group 2023	Group 2022
Equity attributable to the shareholders of Anoto Group AB	59,330	110,997
Number of ordinary shares	331,859,067	230,611,964
SEK	**0.18**	**0.48**

Net debt

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

(KSEK)	Group 2023	Group 2022
Interest-bearing liabilities	8,686	57,538
Liquid assets	-2,616	-1,721
Net debt	**6,070**	**55,818**

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 2023	Group 2022
Total assets	143,615	238,732
Non-interest bearing provisions	-293	-219
Non-interest bearing liabilities	-59,531	-74,199
Short term interest bearing liabilities	-8,686	-57,538
Capital employed	**75,104**	**106,775**

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 2024 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. Due to various changes to the composition of the Board during the year, there were periods when the board was not quorum until new board members were elected in subsequent EGMs, which is also a deviation from the Code.

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 2023

The Annual General Meeting (AGM) in 2023 was held in Stockholm on 30 June 2023. 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 2022. 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 2022.

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, Joonhee Won was newly elected as Board member.

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

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

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 46,122,393 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.

Anoto's Annual General Meeting 2024

Anoto's Annual General Meeting 2024 will take place on June 13 in Stockholm. Invitation will be published in accordance with what is stipulated.

Extraordinary General Meetings

Extraordinary General Meetings were held on four occasions during 2023.

On 4 May 2023, an Extraordinary General Meeting was held in Stockholm. The EGM resolved, with unanimous vote, to adopt new articles of association in which the limits of the share capital in § 4 were changed to be no less than SEK 92,000,000 and not more than SEK 368,000,000 and the limits of the number of shares in § 5 were changed to be no less than 230,000,000 and not more than 920,000,000 shares.

The EGM resolved , with unanimous vote, to reduce the share capital with SEK 46,122,393.450086. The reduction is carried out without redemption of ordinary shares by changing the share quota value from approximately SEK 0.60 to SEK 0.40 per share. The reduction amount shall be allocated to a non-restricted reserve to be used in accordance with the shareholder´s resolution.

The reduction of share capital by changing the quota value is made in order to enable adjustment of the subscription price in the rights issues resolved on by the board of directors, subject to the approval of the general meeting (items 9 and 10 on the agenda). After the reduction, the share capital will amount to SEK 92,244,785.60 divided into 230,611,964 ordinary shares (prior to the rights issue), each share with a quota value of SEK 0.40.

The EGM resolved, with required majority, to approve the board of directors' resolution on April 5 2023 to increase the Company's share capital by up to SEK 20,000,000 through the issue of up to 50,000,000 new ordinary shares, each with a quota value of SEK 0.40 (the "Directed Issue"). With deviation from the shareholders' preferential rights, the new shares may only be subscribed for by Beof Company LTd. All shares have been subscribed for.

The reason for the deviation from the shareholders' preferential rights is that the Company is in great need of capital and the board of directors 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. The order and the license agreement that the order is expected to entail will, in the board of director's opinion, contribute with great value for the Company's shareholders, which justifies the issue's deviation from the shareholders' preferential rights. Furthermore, the Directed Issue enables the Company to carry out the share issue according to item 10 in the notice 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 EGM resolved, with required majority, to approve the board of directors' resolution on April 5 2023 to increase the Company's share capital by up to SEK 20,498,841.20 through the issue of up to 51,247,103 new ordinary shares, each with a quota value of SEK 0.40 (the "Rights Issue"). For each ordinary share held on the record date, the shareholder receives one subscription right, whereby nine subscription rights entitle to subscribe for two new ordinary shares. In case not all shares have been subscribed for, the board of directors shall decide that allotment of shares subscribed for without subscription rights shall take place up to the maximum amount of the issue, whereby the board of directors primarily will allot shares to those who also subscribed for shares based on subscription rights, and in the event of over subscription, pro rata to their subscription based on subscription rights. Secondly, the board of directors will allot shares to those who subscribed for shares without subscription rights, and if full allotment cannot be made, pro rata to their subscription. To the extent not possible, allotment shall be made through drawing of lots, and finally, subject to such allocation being required in order for the issue to be fully subscribed, to the guarantors of the issue with allotment in relation to their respective subscription (based on the guarantee undertakings). The record date for determining which shareholders shall be entitled to subscribe for new shares on a preferential basis shall be 10 May 2023. The subscription price corresponds to the quota value, i.e. SEK 0.40, which in the case of full subscription provides issuing proceeds of up to SEK 20,498,841.20.

The EGM resolved, with unanimous vote, decide to carry out a bonus issue thereby increasing the share capital with SEK 46,122,393.450086 by making use of the Company's non-restricted equity. The bonus issue is carried out without issuing new shares.

The EGM resolved, with unanimous vote, to reduce the Company's share capital by an amount in SEK corresponding to no more than the total increase in the share capital pursuant to the resolution on the Directed Issue and the Rights issue resolved upon as set out above (SEK 40,498,841.20) minus the minimum amount required for the share's quotient value after the reduction to correspond to a whole number of öre. The reduction of the share capital will be made without redemption of shares by changing the share quota value. The reduction amount shall be allocated to a non-restricted reserve to be used in accordance with the shareholders' resolution.

The reduction of share capital by changing the quota value is made in order to ensure that the above mentioned resolutions on the reduction of the share capital, the rights issue and the bonus issue together do not result in a change in the Company's share capital.

On 7 August 2023, an Extraordinary General Meeting was held in Stockholm. The EGM resolved, with required majority, to approve the board of directors' resolution on 13 July 2023 to transfer 1,250,000 shares in KAIT to Joonhee Won and 100,000 shares in KAIT to Jörgen Durban.

On 9 October 2023, an Extraordinary General Meeting was held in Stockholm. The EGM resolved not to dismiss Jörgen Durban as member and chairman of the board of directors.

The EGM resolved, with required majority, to authorise the board of directors to resolve, on one or several occasions during the period until the next annual general meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to issue ordinary shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of 36,873,230 ordinary shares, corresponding to a dilution of approximately 10 per cent of the share capital and votes, based on the current number of shares in the Company.

On 11 December 2023, an Extraordinary General Meeting was held in Stockholm. The meeting resolved that the Board of Directors for the period until the end of the next AGM shall consist of Dennis Song, Injoon Jeong, Pedro Pinto and Hans Haywood. Dennis Song was elected as the Chairman of the Board of Directors.

The EGM resolved that the remuneration to the Board of Directors shall be paid in accordance with the resolution of the AGM (i.e. SEK 900,000 to the Chairman of the Board of Directors and SEK 300,000 to each of the other ordinary members of the Board of Directors who are not employed by the group to be reduced proportionally taking into account that the new Board of Directors will not serve for the entire period between the AGM on 30 June 2023 and the next AGM).

The EGM resolved to authorise the Board of Directors to resolve, on one or several occasions during the period until the next annual general meeting, with or without deviation from the shareholders' preferential rights, against cash payment, for payment in kind or by way of set-off, to issue ordinary shares, warrants and/or convertible bonds that involve the issue of or conversion into a maximum of the number of 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.

At the inaugural board meeting, the Board of Directors decided to appoint Hans Haywood as interim CEO of the Company following Joonhee Won's earlier announcement that he would step down as CEO in connection with the EGM held today. However, Joonhee Won continues as CEO of Knowledge AI.

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 2023, 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 2023 Annual General Meeting, Jörgen Durban, Anders Sjögren, and Dennis Song were re-elected as Board members until the next Annual General Meeting. Joonhee Won was newly elected as board member. Jörgen Durban was re-elected Chairman of the Board. During the year, Jörgen Durban, Anders Sjögren, and Joonhee Won resigned from the board, and Dennis Song was elected Chairman of the Board. Injoon Jeong, Pedro Pinto and Hans Haywood were elected as new board members during the Extraordinary General Meeting in December 2023. Sebsequent to year end 2023, Injoon Jeong and Hans Haywood resigned from the board. At the Extraordinary General Meeting in March 2024, Erik Fällström and Alexander Fällström were elected as new Board members and Kevin Adeson was elected as Chairman of the Board.

Information on the remuneration of the Board members can be found in Note 10 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
Kevin Adeson	Chairman	2024	Yes	Yes
Young Hee (Dennis) Song	Member	2020	Yes	Yes
Pedro Pinto	Member	2023	Yes	Yes
Erik Fällström	Member	2024	Yes	Yes
Alexander Fällström	Deputy Member	2024	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.

Kevin Adeson
(born 1964)

Position: Chairman
Education: BA Honours in Accounting from Bradley University
Experience: Kevin's career with HSBC began in 2006 as Global Head of Leveraged and Acquisition Finance. He then became Head of Global Capital Financing and in April 2008, took on the role of Global Head of Principal Investments. In January 2011, he became Co-Head of Global Banking and oversaw HSBC's vast Global Banking business
Other positions: Founded Adeson Advisors in May 2023, taking on strategic advisory roles with a select group of private equity and corporate clients, and Non-Executive Senior Advisor at HSBC.
Holding: -

Young Hee (Dennis) Song
(born 1968)

Position: 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: -

Pedro Pinto
(born 1987)

Position: Member
Education: PhD in Computing from Imperial College London
Experience: From 2014 to 2024, Pedro worked as CTO at Wearisma, Lead Software Engineer at Teech, Senior Software Engineer at Enki Labs, Technical Lead at Collage.com Inc, Head of Engineering at Allio Finance, Principal Engineer at Shootproof, CTO at Knowledge AI Inc.
Other assignments: Pedro has been Director of Alfarroba Technologies OU since 2018, and Director of Quadratic Solutions Inc since 2023.
Holdings: -

Erik Fällström
(born 1961)

Position: Board member
Education: Stockholm School of Economics
Experience: Co-founder and former 40% owner of Hoist Finance, Co-founder of Arkwright Capital which evolved into European Digital Capital. Overall over 40 years working in Management consulting, corporate finance, venture capital and private equity.
Other positions: CEO and Board Member DDM Debt AB (publ.), Board Member DDM Finance AB, Executive Chairman EDC Advisors Ltd, Board Member Omnio London Ltd., and Board Member Sivers Semiconductors AB
Holdings: 53,821,365 shares held via Company

Alexander Fällström
(born 1990)

Position: Deputy board member
Education: Bachelor's Degree from Harvard University
Experience: Analyst Investment Banking Division (Industrials) at Jefferies, Financial Analyst Investment Management Division Goldman Sachs, Associate Investment Banking Division Capillar Advisory, Investment Manager NV Capital AB, Head of Tactical Equity DDM
Other positions: Chairman Enersize Oyj (publ.), Board Member LiveArena Technologies AB
Holding: 2,568,352 shares

As shown by the table above, all Board members, except Erik Fällström 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 2023

During the year, the Board convened twenty 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. The Board has also dealt with matters concerning new share issues through offsetting of debt to lenders to the company, as well as the sale of KAIT shares and its subsequent deconsolidation from the Group. 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:
Young Hee (Dennis) Song	17 / 17
Anders Sjögren	17 / 17
Jörgen Durban	12 / 12
Joonhee Won	10 / 10
Hyun Yong Kim (Hy Kim)	7 / 7
Hans Haywood*	3 / 3
Pedro Pinto*	3 / 3
Injoon Jeong*	1 / 3

*Board member since 12 December 2023

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 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 2023, 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 Mats Karlsson 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.

Mats Karlsson
(born 1964)

Position: Interim Chief Executive Officer
Education: Executive MBA from Mgruppen
Experience: Co-founder & Director of Acquisitions (Sweden) of byNordic Acquisition Corporation (publicly listed on Nasdaq NY), serial tech entrepreneur with more than 25 years management experience and a number of successful investments and exits. Among others he was co-owner and chief marketing officer in mobile technology software company Tactel that was sold to private equity fund FSN Capital III.
Other positions: -
Holding: -

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 2021/2022

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

Three shareholders had, on the 31st of December 2023, a direct or indirect ownership of more than one tenth of the votes for all shares - Stolkin Helicopters Limited (12.3%) and AIIT One Co. Ltd. (10.7%)

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 the 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 2023 or during the period from the end of the financial year 2023 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 2023 on pages 63-70 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 RevR 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 April 30, 2024

BDO Mälardalen AB

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

Kevin Adeson
Chairman of the Board
Born 1964
Board member since 2024
Shareholding: -
Education: BA Honours in Accounting from Bradley University

Pedro Pinto
Independent Board Member
Born 1987
Board member since 2023
Shareholding: -
Education: PhD in Computing from Imperial College London

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

Erik Fällström
Independent Board Member
Born 1961
Board member since 2024
Shareholding: 53,821,365 shares held via DDM
Education: Stockholm School of Economics

Alexander Fällström
Deputy Board Member
Born 1990
Board member since 2024
Shareholding: 2,568,352 shares
Education: Bachelor’s Degree from Harvard University

Senior Management

Mats Karlsson
Interim Chief Executive Officer
Born 1964
Employed since 2024
Shareholding: -
Education: Executive MBA from Mgruppen

Steve Kim
Chief Technology Officer
Born 1968
Employed since 2018
Shareholding: 1,000,000 options of series 2021/2022 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 99,558 as per Dec 31, 2023 is allocated among 331,859,066 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 23 percent from SEK 0.390 to 0.300 during the year. During the same period, the NASDAQ OMX Stockholm PI decreased by 5.23 percent. Anoto Group's market capitalization was MSEK 99.6 on December 31, 2023.

Shareholders

At the end of 2023, Anoto Group had 13,549 shareholders. Foreign shareholders controlled 59.6% and the ten largest shareholders controlled 63.6%.

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 34.

Analysts

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

Per share data 2023

Number of shares 2023-12-31	331,859,067
Number of outstanding options and warrants 2023-12-31	57,223,248
Average number of shares	286,114,064
Earnings per share (SEK)	-0.25
Fully Diluted Earnings per share (SEK)	-0.25
Cash flow per share (SEK)	0.00
Fully Diluted Cash flow per share (SEK)	0.00
Shareholder´s equity per share (SEK)	0.18
Shareholder´s equity per share incl. options (SEK)	0.15

Largest shareholders on December 31, 2023

1	HONGKONG & SHANGHAI BANKING CORP, W8IMY	31.0%	102,918,478
2	THE BANK OF NEW YORK MELLON, W9	22.3%	74,046,504
3	AVANZA PENSION	2.5%	8,458,195
4	BJÖRNDAHL, ANDERS	2.4%	7,910,500
5	ADVOKAT JÖRGEN DURBAN	1.1%	3,746,738
6	Hansson, Johan	0.9%	3,102,977
7	BOUKOVALAS, PANAGIOTIS	0.9%	3,000,000
8	SAXO BANK A/S CLIENT ASSETS	0.8%	2,750,975
9	DURBAN, JÖRGEN	0.8%	2,689,999
10	ALANDSBANKEN ABP (FINLAND), SVENSK, FILIAL	0.8%	2,579,700
	Total	**63.50%**	**211,204,066**

Shareholders by size on December 31, 2023

Shares held	**Total number of shareholders**	**% total number of shareholders**
1 – 500	7,583	56.0%
501 – 1,000	1,419	10.5%
1,001 – 5,000	2,569	19.0%
5,001 – 10,000	697	5.1%
10,001 – 15,000	311	2.3%
15,001 – 20,000	164	1.2%
20,001 -	806	5.9%
	13,549	**100.00%**

FIVE-YEAR SUMMARY

Summary of comprehensive income statements

(KSEK)	2019	2020	2021	2022	2023
Net sales	111,967	70,552	71,730	69,362	43,012
Gross profit	60,616	38,155	38,581	42,901	27,038
Amortisation and impairment of intangible fixed assets	-13,379	-32,490	-11,677	-12,036	-116,951
Depreciation - property, plant and equipment	-2,565	-2,958	-2,243	-2,199	-1,364
Operating profit/loss	-50,654	-103,431	-57,143	-47,219	-68,326
Other financial items	18,081	-24,910	16,637	16,231	-15,668
Profit/loss after financial items	-32,573	-128,342	-40,506	-30,987	-83,995
Tax	-34	74	283	84	-244
Profit/loss after tax	**-32,608**	**-128,268**	**-40,223**	**-30,903**	**-84,238**

Summary of balance sheets

Assets	2019	2020	2021	2022	2023
Intangible fixed assets	219,138	173,188	175,764	179,186	58,188
Tangible fixed assets	7,067	9,529	4,408	5,212	2,168
Financial fixed assets	1,678	1,475	3,648	1,483	29,673
Total non-current assets	227,883	184,192	183,820	185,881	90,029
Inventory	22,690	14,703	27,231	40,406	28,407
Accounts receivable	20,989	7,146	6,540	1,557	13,505
Other current assets	14,546	16,886	17,600	9,166	9,058
Cash and cash equivalents	20,375	2,128	3,885	1,721	2,616
Total current assets	78,600	40,864	55,255	52,850	53,586
Total assets	**306,483**	**225,056**	**239,074**	**238,732**	**143,615**

Liabilities and shareholders' equity	2019	2020	2021	2022	2023
Shareholders´ equity	234,222	158,858	144,515	110,997	59,330
Minority interests	4010	-3098	-11768	- 19,346	0
Long-term liabilities					
Non-interest-bearing	2,376	21,670	-	498	15,774
Interest bearing	3,480	-	-	14,627	-
Current liabilities					
Non-interest-bearing	54,213	42,308	64,683	74,418	59,824
Interest-bearing	8,182	5,318	41,644	57,538	8,686
Total liabilities	68,251	69,296	106,327	147,082	84,284
Total liabilities and shareholders´ equity	**306,483**	**225,056**	**239,074**	**238,732**	**143,614**

Summary of cash flow statements

(KSEK)	2019	2020	2021	2022	2023
Profit/loss after financial items	-32,607	-128,268	-40,223	-30,903	-84,238
Items that do not affect liquidity	666	59,079	-5,916	-20,558	66,407
Change in working capital	21,038	7,585	7,117	23,509	-19,892
Cash flow from operating activities	-10,902	-61,604	-39,022	-27,952	-37,723
Cash flow from investment activities	-30,347	-7,271	-7,009	-2,271	13,307
Total cash flow before financing activities	-41,250	-68,875	-46,032	-30,223	-24,416
Cash flow from financing activities	56,167	50,628	47,536	27,703	25,150
Cash flow for the year	**14,917**	**-18,247**	**1,504**	**-2,520**	**734**

Key ratios

	2019	2020	2021	2022	2023
Sales growth, %	-3	-37	2	-3	-38
Gross margin, %	54	54	54	62	63
Capital employed (KSEK)	244,089	177,429	132,747	106,775	75,104
Equity/assets ratio, %	76	71	60	46	41
Net debt (KSEK)	-12,193	3190	37,759	55,818	6,070
Earnings per share (SEK)	-0.23	-0.72	-0.25	-0.20	-0.25
Earnings per share after dilution (SEK)	-0.23	-0.72	-0.25	-0.20	-0.25
Cash flow per share for the year (SEK)	0,12	-0.11	0.01	-0.01	0.00
Cash flow per share after dilution (SEK)	0,09	-0.09	0.01	-0.01	0.00
Shareholder´s equity per share (SEK)	1.56	0.86	0.67	0.48	0.18
Shareholder’s equity per share after dilution (SEK)	1.56	0.86	0.67	0.48	0.15
Average no. of employees	46	38	33	36	19
Sales per employee (KSEK)	2,434	1,857	2,174	1,940	2,264
Payroll expenses incl. social security contribution (KSEK)	32,106	33,472	29,105	31,379	20,393
(of which pension premiums were)	359	182	325	767	638

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 13, 2024. 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 2024 financial year:

- Q1 Report – May 24, 2024
- Q2 Report – August 22, 2024
- Q3 Report – November 22, 2024
- Year-End Report – February 21, 2025