ANOTO

QUARTERLY REPORT

Q1/ 2017

Anoto Group AB is a global leader in digital writing and drawing solutions. Its technology enables high-precision pen input on nearly any surface. Anoto is present around the world through a global network of strategic licensing partners that deliver user-friendly writing and drawing solutions for effective collection, transfer and storage of data. Anoto is traded on the Small Cap list of Nasdaq Stockholm under ANOT.

This report was published on May 31, 2017 at 23.15 CET

For more information: www.anoto.com

REPORT JANUARY – MARCH 2017

- Net sales for the quarter were MSEK 46 (45).
- Net losses after tax decreased substantially to 34 MSEK (62 Q1 2016) which includes one-time non-recurring write offs of 11 MSEK. One-time write offs in Q1 include non-recurring costs of 8.2 MSEK relating to closing the Lund and Norrköping offices announced in the quarter and other items totaling 3.0 MSEK including inventory write downs.
- Gross margin in the quarter was 35% (40%) which is slightly higher than the 34% reported for Q4 2016 but lower than the gross margin of 40% achieved in Q1 2016. The year-over-year gross margin decrease is mainly due to the addition of Pen Generations to the group and the increasing portion of revenue that it represents.
- Overhead costs in the quarter amounted to 48 MSEK (80). This is considerably lower than previous quarters and 40% lower than Q1 2016 due to the cost saving activities.
- Earnings per share after dilution for the quarter were SEK -0.01 (-0.06).
- Anoto has reached a new agreement with SMark Co., Ltd. (SMark) regarding Anoto DNA (ADNA). SMark will invest 5 million USD in Anoto and use Anoto's microdot pattern in all of its products. Anoto will receive 20% of all of SMark's ADNA revenue. This investment was completed in May.
- Restructuring and cost reduction efforts are beginning to show positive signs in the financial results although Anoto still faces financial challenges in the near term. For further information, see "Risks and Uncertainties".

Key ratios	**2017 Jan-Mar**	**2016 Jan-Mar**	**2016 Jan-Dec**
Net sales, MSEK*	46	45	236
Gross profit/loss*	16	18	79
Gross margin, %	35	40	34
Operating margin, %	Neg	Neg	Neg
Operating profit/loss, MSEK	-32	-62	-239
EBITDA, MSEK	-28	-57	-231
Profit/loss for the period, MSEK*	-34	-62	-242
Earnings per share after dilution, SEK*	-0,01	-0,06	-0,13
Cash flow for the period, MSEK*	0	-2	-6
Cash at end of period, MSEK*	6	9	6

* Defined under IFRS

CEO COMMENTS:

Anoto’s focus in 2017 continues to be on achieving profitability by concentrating on just three existing related business areas (Livescribe Retail business, Enterprise Forms and Education Business) and achieving growth through the Anoto DNA initiative.

In Q1 2017, we continued our initiatives to restructure the business and announced our decision to close down our Lund, Norrköping and Wetherby offices. This decision to close regional offices was motivated by the need to consolidate decision making and increase communication, as much as the need to reduce costs. The company suffered from the costs of miscommunication and the lack of communication. Customers were confused as to who to contact and accountability and responsibilities were not clear.

Anoto had ten offices worldwide last year. When the restructuring of the business is complete, Anoto will have two.

Interestingly, despite a reduction of over 100 in the headcount and the closing down of 7 offices globally over the previous year, gross revenue was not affected by the restructuring as it increased 2% vis-a-vis 2016 while costs were 40% lower than in Q1 2016.

Productization of Anoto DNA (ADNA) moved forward energetically in Q4 of 2016 and an enhanced release was made in Q1 of 2017. Business and technical cooperation with SMark has also continued and in Q1, we reached a new agreement with SMark regarding ADNA.

SMark will invest 5 million USD in Anoto and SMark will use Anoto's microdot pattern in all of its products. Anoto will also receive 20% of all of SMark’s ADNA revenue. Anoto will pay 20% of its revenue to SMark only if Anoto uses technology developed by SMark in relation to printing and copy protection. This investment was finalised on May 4th.

OUTLOOK

With most of the cost-reduction and efficiency-enhancement activities initiated in April 2016 now completed, Anoto’s focus is shifting to profitable growth. Sales activities are concentrating on high-growth areas such as emerging markets and governments. To support these accelerating sales Anoto is investing in a new platform approach to pen hardware and ongoing software innovation to meet the needs of changing business environments. Anoto has recently released V1 of ADNA for select developers and an ADNA demo app will shortly be widely available to support the various parties with whom we are working to commercialize this business. Anoto is also hosting a global solutions roundtable in Seoul in June 2017 where Anoto partners will convene to share their latest technological developments and solutions. We believe this increased collaboration will further stimulate growth through geographic expansion.

The key theme for 2016 was “cost”; the key theme for 2017 is “profitable growth”.

Joonhee Won
CEO, Anoto Group AB (publ)

ANOTO GROUP IN THE FIRST QUARTER 2017

Total sales in the quarter amounted to 45.8 MSEK (45.1) and Operating profit amounted to -31.6 MSEK (-61.6). The Operating loss for Q1 includes -11.2 MSEK of one-time, non-recurring charges related to the closure of the Lund and Norrköping offices.

Following the recent structural changes in the group, the first quarter of 2017 shows a significant reduction (40%) in operating expenses when compared to the same period in 2016.

Performance in Asia continues to be strong. Revenue in the USA was lower than budgeted and overall costs were higher than anticipated due, in part, to a combination of one-time charges and a slower than expected decline in operating expenses. New demand generation activities and positive seasonality in the USA are expected to bring performance back within range over coming periods. The global market for forms, although slow in Q1, is showing signs of recovery. There is a pipeline of strong deals, particularly in emerging markets' public sectors via well-established partners. These are potentially large deployments that we hope to close within 2017.

Pen Generations, Inc., acquired by Anoto in June 2016, contributed 17.4 MSEK in revenue for the quarter but its operating profit did not have a material impact at the group level. This revenue represents a 60% increase over the prior quarter's revenue of 10.9 MSEK.

Operating cash flow for the quarter was 0.3 MSEK (-21.7). Investments in Fixed assets amounted to 0.2 MSEK (10.4) including capitalised expenses of 0.0 MSEK (6.7). Cash flow after financial activities was 0.4 MSEK (-2.4).

Net sales per product group	**2017**	**2016**	**2016**
MSEK	**Jan-Mar**	**Jan-Mar**	**Jan-Dec**
Licenses and royalties	3	3	11
Digital Pens	33	38	196
Other	10	4	29
Total	46	45	236

ACCOUNTING POLICIES

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are presented either in notes or elsewhere in the report. This interim report for the parent company was prepared in accordance with Swedish Annual Accounts Act chapter 9. For information about the accounting policies applied, refer to the 2015 annual report. The accounting policies applied and the judgments in the Interim Report are consistent with those applied in the Annual Report for 2015 except for disclosure of ESMA´s guidelines on alternative performance measures that is applied as of July 3, 2016 and implies disclosures related to financial measures not defined under IFRS.

No new or amended standards or interpretations have had an impact on the Group’s financial position, results, cash flows or disclosures. The new and revised standards and interpretations that have been issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) but which only come into effect for financial years beginning on or after 1 January 2018 have not yet been applied by the Group.

Goodwill arising on consolidation was reviewed for impairment in Q3 of 2016 and adjustments made to write down Goodwill. No further provision for impairment of Goodwill was considered necessary in Q4 2016 or Q1 2017.

INVESTMENTS

For Q1 2017 there were no additional development costs capitalised in intangible assets. In 2016 intangible assets were evaluated and costs previously capitalised on projects were written off where those projects were no longer proceeding. Intangible assets on the balance sheet as at 31 March 2017 are related to one remaining project which has as its purpose to deliver a common, future pen platform for the Group.

In March 2017, Anoto Group AB acquired a further tranche of shares in XMS Penvision AB. 2,869,884 Anoto shares were issued to acquire 19,355 XMS shares representing a further 2.98% of XMS Penvision AB for an agreed price of 437,316 SEK. Anoto now holds 93.22% of XMS Penvision AB.

RELATED PARTY TRANSACTIONS

As at March 31, 2017, Anoto Group AB had loans from Inhye Kim, wife to CEO at Anoto, to a total value of 2.4m Singapore Dollars. These short-term loans incur 3.5% annual interest. In addition, Inhye Kim subscribed for the convertible bonds that were issued in December 2016. 9.2 MSEK of this loan will be transferred to convertible bonds in Q2 of 2017.

FINANCING

In Q1, we reached a new agreement with SMark regarding ADNA. SMark will invest 5 million in Anoto and use Anoto's microdot pattern in all of its products. This investment was received in May 2017.

RISK FACTORS AND UNCERTAINTIES

In 2017 Anoto Management continues to address a number of risks facing the company. In particular, these risks have included a cost structure that was too high relative to sales and a lack of strategic focus. Multiple cost-cutting activities were carried out in 2016 and the corporate strategy was refined through the imposition of focus.

In March 2017, Anoto announced the closure of the Lund and Norrköping offices to further reduce the business’s cost base. The expectations are that the refocusing of strategy, combined with the substantial reduction in costs, will put Anoto in a cash-generating position in 2017.

Anoto is now organized into four business divisions, based in the US; the Livescribe retail business, in the UK; a global enterprise forms business, in Korea; Pen Generations the education business, and the revenue for ADNA will be booked in Sweden. The purpose of the restructuring program is to create four profitable business divisions.

The cost reduction programme will be completed by 3Q of 2017 and should by then be delivering the full benefits. In the meantime, Anoto will focus on monitoring cash flow forecasts to appropriately manage any stresses on working capital and liquidity that may arise from increased demand for pens and from the investments being made in product development. Anoto will source additional funding to accommodate development costs, above-plan growth, and fluctuations in operating expenses as required.

While financing remains an important concern for Anoto, it is the opinion of management and the Board that, the cash flow from the above activities, together with any additional funding to accommodate product development and above-plan growth, is likely to provide the liquidity required by Anoto in 2017. This perspective takes into account the cash-on-hand as of the 31st of March 2017, the receipt of funds from NeoLAB in April 2017, an investment of $5.0m, by SMark in May and the improved operating cash flow expected from cost reductions and increasing sales.

SEGMENT REPORTING

During the last few months, the Group has been reorganized to become a more unified global entity. As a consequence, the previous reported segments are no longer valid, and instead group expenses are categorized by function and applied to the Group as a whole. Consequently, there is no comparable financial information for the legacy fields of application and the Group has therefore chosen to discontinue this reporting. Anoto will prepare appropriate segmental reporting when the reorganization is complete.

EMPLOYEES

As of March 31, 2017 Anoto Group had a total of 78 employees as compared to 96 at year-end 2016. When the announced restructuring plans have been completed a further 38 employees will have been removed from the Group.

OPTION PROGRAMS

At present, Anoto Group has the following valid option programs:

4.6 million share-options have been granted to former CEO Stein Revelsby under the Anoto Incentive Scheme 2014/17 at a subscription price of 0.61 SEK. The share-options will mature during 2017.

In Q4 of 2016 an incentive scheme for senior executives was issued that comprises a maximum of 51.8 million stock options at a subscription price of 0.26. The maximum number of stock options to be allocated to each of the senior executives shall be 15.0 million. The share-options will mature during 2019. This incentive scheme is replacing the Anoto Employee Incentive Programme from 2015.

The Company's Board of Directors has also authorized the issuance of a 9.0 million share-options grant to the Chairman of the Board of Directors Jörgen Durban at a subscription price of 1.43 SEK and the issuance of 21.75 million share options at a strike price of 0.38 SEK. Both programmes will mature in 2018. In addition, the company's CEO Joonhee Won has been granted 21.75 million share options at a strike price of 0.38 SEK that will mature in 2018.

In Q4 the Company's Board of Directors authorized the issuance of a 6.0 million share-options grant to the Board member Henric Ankarcrona at a subscription price of 0.26 SEK. The share-options will mature during 2019. Henric Ankarcrona will leave the board at the 2017 Annual general meeting and his Options will be reduced to 3.0 million share options.

PARENT COMPANY

Anoto Group AB is a pure holding company that has a limited number of corporate functions.

SHARE DATA

The Anoto share is listed on the NASDAQ OMX Nordic Small Cap List in Stockholm. The total number of shares at the end of the period was 2,343,701,992.

TRANSACTIONS AND ACTIVITIES AFTER MARCH 31, 2016

On April 12, 2017, Anoto and NeoLAB announced the resolution of their legal disputes and formed a mutually beneficial strategic relationship, which included a multi-faceted cross-licensing agreement and an intention for NeoLAB to provide Anoto with hardware design and supply capabilities relating to the ADNA business.

On April 13, 2017, Anoto and Trata E Systems (Trata) expanded their previously announced relationship to establish Trata as Anoto's master distributor in India. The estimated transaction value based on expected sales performance in the rapidly expanding Indian market approaches USD 100 million over three years.

On May 8, 2017, Anoto announced that it had received a total of USD 6 million from licensing and collaboration agreements announced in April 2017. USD 5 million relates to investment in Anoto Group AB shares in connection with the collaboration agreement with SMark Co., Ltd. (SMark); Anoto Group AB issued 212,500,000 new shares to SMark Co., Ltd. USD 1 million is the first tranche of proceeds from the licensing agreement with NeoLAB Convergence Inc. (NeoLAB).

On May 8, 2017, Anoto converted 29.8 MSEK of the convertible bonds issued in December 2016 and issued 220,740,740 new shares in Anoto Group AB. Following this conversion there are 9.2 MSEK of Convertible bonds outstanding.

LEGAL ACTIVITIES

In 2016, the Company filed patent infringement suits in Japan against NeoLAB Corporation (“NeoLAB”), a subsidiary of NeoLAB Convergence, and Uchida Yoko Co. Ltd. Anoto was seeking all available remedies, including (but not limited to) injunctive relief against importation of NeoLAB’s pen products and notebooks. The lawsuits, filed with the Civil Division of the Tokyo District Court, were based on Anoto’s Japanese patents 4245474, 4928696, and 4613251. The suits are focused on Anoto’s patented methods for digital pen design and optical pattern processing. The lawsuit was ongoing as of March 31, 2017.

In April 2017, the Company reached a comprehensive global settlement of the patent infringement with NeoLAB and Uchida Yoko Co. Ltd. In accordance with the settlement terms, Anoto and NeoLAB each granted the other a comprehensive, royalty-free and non-transferable license to its patent portfolio, as well as a general release and waiver of any and all patent-related claims globally. Anoto received a payment of US$1 million from NeoLAB on April 28, and expects to receive another $1 million within nine months of the date of the Agreement.

Anoto is currently involved in a dispute with LeapFrog Enterprises (and its affiliates), a U.S. (Delaware) company headquartered in Emeryville, California (“LeapFrog”), in Sweden.

The dispute is related to two requests for arbitration filed by LeapFrog in Sweden, the first at the Stockholm Chamber of Commerce (“SCC Arbitration”) and the second at the International Chamber of Commerce (“ICC Arbitration”). In both the SCC Arbitration and the ICC Arbitration, LeapFrog is seeking indemnification and defence from Anoto with respect to patent infringement claims filed by Celebrate LLC in U.S. federal court in Delaware. On December 19, 2016, both Parties agreed to a six-month voluntary stay of both the ICC Arbitration and SCC Arbitration proceedings, which were accepted by the authorities, in order to explore an amicable resolution to the issues in both cases.

A former Anoto employee has filed a civil lawsuit against the Company in Los Angeles, CA, alleging wrongful termination, unpaid wages/expenses and gender discrimination. After Anoto successfully removed this case to U.S. federal court, the Parties have commenced pre-trial discovery. Anoto believes the former employee’s claims are meritless and intends to defend the case vigorously. A mandatory settlement conference (MSC) between the Parties, required by law, was held in March but did not produce a settlement The Parties completed discovery proceedings on May 8, 2017, and Anoto expects to move for summary judgment and dismissal of the case this summer.

Anoto is also a defendant in a lawsuit filed by a technology company, APOLOGIC Information Applications, in the commercial court of St. Malo Commercial Court. Anoto believes that the claim by APOLOGIC, alleging breach of commercial contract, is wholly without merit and furthermore that the court lacks both personal and subject matter jurisdiction over Anoto. Anoto’s attorneys have moved for dismissal of the case, arguing that the case should be referred to the Arbitration Institute of the Stockholm Chamber of Commerce. The St. Malo Commercial Court is expected to issue its decision on June 27.

This interim report has not been subject to review by the auditors.

Anoto Group AB discloses the information provided herein pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication at 23.15 on May 31, 2017.

CALENDAR 2017

Annual Report June 8 2017

Annual General meeting June 30 2017

FOR MORE INFORMATION

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FINANCIAL REPORTS

TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales	45,791	45,183	235,657
Cost of goods and services sold	-29,776	-26,886	-156,264
Gross profit	**16,015**	**18,297**	**79,393**
Sales, administrative and R&D costs	-47,718	-79,891	-344,348
Other operating income/cost	59	4	26,295
Operating profit/loss	**-31,644**	**-61,590**	**-238,660**
Sale of financial assets	0	0	-1,133
Other financial items	-5,784	-1,501	-6,184
Profit before taxes	**-37,468**	**-63,091**	**-245,977**
Taxes	-37	839	4,445
Profit/loss for the period	**-37,465**	**-62,252**	**-241,532**
Other comprehensive income			
Translation differences for the period	9,791	-353	-1,283
Other comprehensive income for the period	**9,791**	**-353**	**-1,283**
Total comprehensive income for the period	**-27,674**	**-62,605**	**-242,815**
Total Profit/loss for the period attributable to:			
Shareholders of Anoto Group AB	-37,487	-61,249	-233,932
Non controlling interest	22	-1,003	-7,600
Total Profit/loss for the period	**-37,465**	**-62,252**	**-241,532**
Total comprehensive income for the period attributable to:			
Shareholders of Anoto Group AB	-27,696	-61,602	-236,489
Non controlling interest	22	-1,003	-6,326
Total comprehensive income for the period	**-27,674**	**-62,605**	**-242,815**
Key ratios:			
Gross margin	35%	40.5%	33.7%
Operating margin	Neg	Neg	Neg
Earnings per share after dilution	-0.01	-0.06	-0.13
Average number of shares after dilution	2,436,182,108	1,060,749,383	1,792,711,313

Condensed consolidated balance sheet

TSEK	2017-03-31	2016-03-31	2016-12-31
Intangible fixed assets	236 754	263 754	236 810
Tangible assets	5 134	8 585	8 414
Financial fixed assets	18 738	6 188	18 855
Total fixed assets	**260 626**	**278 527**	**264 079**
Inventories	42 129	54 858	49 478
Accounts receivable	22 395	23 036	34 825
Other current assets	29 978	41 479	35 356
Total short-term receivables	**52 373**	**64 515**	**70 181**
Liquid assets	5 923	9 272	5 553
Total current assets	**100 425**	**128 645**	**125 212**
Total assets	**361 051**	**407 172**	**389 291**
Equity attributable to shareholders' of Anoto Group AB	184 321	226 855	213 258
Non controlling interest	-426	-10 733	-1 689
Total equity	**183 895**	**216 121**	**211 569**
Long term provisions	5 048	11 339	6 900
Long term loans	29800	-	28 000
Other long term liabilities	6 907	313	131
Total long-term liabilities	**41755**	**11 652**	**35 031**
Short term provisions	0	0	1 312
Short term loans	27424	27 296	29 019
Other current liabilities	107 977	152 103	112 360
Total current liabilities	**135 401**	**179 399**	**142 691**
Total liabilities and shareholders' equity	**361 051**	**407 172**	**389 291**

Consolidated changes in shareholders' equity

TSEK	Share capital	Ongoing share issue	Other capital contributed	Reserves	Retained earnings	Shareholders equity	Non-controlling interest	Total equity
Opening balance 1 January 2016	**21 064**	**12**	**943 057**	**-8 517**	**-677 690**	**277 926**	**-9 730**	**268 196**
Profit/loss for the year					-233 932	-233 932	-7 600	-241 532
Other comprehensive income				-2 557		-2 557	1 274	-1 283
Total comprehensive income	**0**	**0**	**0**	**-2 557**	**-233 932**	**-236 489**	**-6 326**	**-242 815**
Private placement 27 March	260		10 091			10 351		10 351
Private placement 23 May	21 324		116 118			137 442		137 442
Acquisition of Pen Generation - 31 May	2 894		35 939			38 833		38 833
Ongoing Aquisition of XMS		12	854			866	-866	0
Private placement 18 Oct & 9 Nov	1 275		11 471			12 746		12 746
Debt Conversion					-6 724	-6 724	-6 460	-13 184
Loss of control					-21 693	-21 693	21 693	0
Closing balance 31 December 2016	**46 817**	**24**	**1 117 530**	**-11 074**	**-940 039**	**213 258**	**-1 689**	**211 569**
Opening balance 1 January 2017	**46 817**	**24**	**1 117 530**	**-11 074**	**-940 039**	**213 258**	**-1 689**	211 569
Profit/loss for the year					-37 487	-37,487	22	-37,465
Other comprehensive income				9 791		9791		9791
Total comprehensive income	**0**	**0**	**0**	**9 791**	**-37 487**	**-27 696**	**22**	**-27 674**
Ongoing Acquisition of XMS [1)]	57	-24	-1 274		0	-1 241	1 241	0
Closing balance 31 March 2017	**46 874**	**0**	**1 116 256**	**-1 283**	**-977 526**	**184 321**	**-426**	**183 895**

[1)] *In March 2017, Anoto issued shares in connection with the ongoing acquisition of XMS Penvision AB, and has adjusted the share premium and reserves to reflect the number of shares now issued and the price paid for the shares acquired.*

Consolidated Cash flow statement

TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Profit/loss after financial items	**-37 468**	**-63 091**	**-245 977**
Depreciation, amortisation	4 036	7 022	71 238
Other items not included in cash flow	17 966	1578	-20 325
Items not included in cash flow	**22 002**	**8 600**	**50 913**
Cash flow from operating activities			
before changes in working capital	**-15 466**	**-54 491**	**-195 064**
Change in operating receivables	17 809	52 306	45 681
Change in inventory	7 349	-10 269	20 298
Change in operating liabilities	-9 407	-9 232	-46 994
Cash flow from operating activities	**285**	**-21 686**	**-176 079**
Intangible assets	0	-6 705	-7 259
Tangible fixed assets	-235	-3 647	-6 351
Acquisition of subsidiaries net of cash	0	0	0
Disposal of minority interest	0	0	1 900
Financial assets	116	0	-11 299
Cash flow from net capital expenditures	**-119**	**-10 352**	**-23 009**
Total cash flow before financing activities	**166**	**-32 038**	**-199 088**
New share issue	0	10 530	160 539
Convertible loan	1 800	0	28 000
Change in financial liabilities	-1 596	19 151	4 473
Cash flow from financing activities	**204**	**29 681**	**193 012**
Cash flow for the period	**370**	**-2 357**	**-6 076**
Liquid assets at the beginning of the period	5 553	11 629	11 629
Liquid assets at the end of the period	**5 923**	**9 272**	**5 553**

Key ratios

TSEK	2017-03-31 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Cash flow for the period	370	-2 357	-6 076
Cash flow / share after dilution (SEK) [1]	0,00	0,00	0,00

	2017-03-31	2016-03-31	2016-12-31
Equity/assets ratio	51,0%	55,7%	54,8%
Number of shares	2 343 701 992	1 066 193 827	2 340 832 108
Shareholders' equity per share (kr)	0,08	0,21	0,09

Parent company, summary of income statement

TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales	0	945	13 681
Gross profit	**0**	**945**	**13 681**
Administrative costs	-1 949	-853	-13 184
Operating profit	**-1 949**	**92**	**497**
Profit/loss from receivables in Group companies	0	0	-151 000
Financial items	113	-6	749
Profit/loss for the period	**-1 836**	**86**	**-149 754**

Parent company, balance sheet in summary

TSEK	2017-03-31	2016-03-31	2016-12-31
Intangible fixed assets	45	68	47
Financial fixed assets	457 237	391 556	652 673
Total fixed assets	**457 282**	**391 624**	**652 720**
Other short-term receivables	203 412	25 281	586
Liquid assets, including current investments	2 721	5 734	303
Total current assets	**206 133**	**31 015**	**889**
Total assets	**663 415**	**422 639**	**653 609**
Equity	439 748	393 264	445 314
Other long term liabilities	155 928	0	153 549
Long term loans	29 800	20 000	28 000
Short term loans	14 004	0	15 138
Other current liabilities	23 935	9 375	11 608
Total liabilities and shareholders' equity	**663 415**	**422 639**	**653 609**

Note 1 - Financial instruments

Group 31 March 2017	Loans and accounts receivable	Available for sale financial assets	Other financial liabilities	Total book value	Total fair value
Investments				0	0
Long-term receivables	1 776			1 776	1 776
Accounts receivable	22 395			22 395	22 395
Other receivables				0	0
Cash	5 923			5 923	5 923
Short-term investments and securities				0	0
Assets	**30 094**	**0**	**0**	**30 094**	**30 094**
Borrowings			27 424	27 424	27 424
Accounts payable			49 280	49 280	49 280
Other liabilities			18 362	18 362	18 362
Liabilities	**0**	**0**	**95 066**	**95 066**	**95 066**

Group 31 March 2016	Loans and accounts receivable	Available for sale financial assets	Other financial liabilities	Total book value	Total fair value
Investments				5 104	5 104
Long-term receivables	1 084			1 084	1 084
Accounts receivable	23 036			23 036	23 036
Other receivables					
Cash	9 269			9 269	9 269
Short-term investments and securities					
Assets	**33 389**	**0**	**0**	**38 493**	**38 493**
Borrowings			26 937	26 937	26 937
Accounts payable			89 370	89 370	89 370
Other liabilities			5 140	5 140	5 140
Liabilities	**0**	**0**	**121 447**	**121 447**	**121 447**

Disclosures on fair value classification

Level 1: According to listed prices on an active market for similar instruments

Level 2: According to directly or indirectly observable market data not included in level 1

Level 3: According to indata not observable on the market

Estimation of fair value

Accounts receivable and accounts payable

For accounts receivable and accounts payable with a remaining life of less than six months, recorded amount is deemed to reflect fair value. Accounts receivable and accounts payable with a due time over six months are discounted at the time of determining the fair value.

Financial assets that can be sold

Financial assets that can be sold are valued on the basis of level 1.

Borrowings

Borrowings are measured at amortized cost.

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.

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

OPERATING PROFIT/LOSS
Gross profit less costs for sales, administrative, R&D and other operating income/costs.

OPERATING MARGIN
Operating profit/loss after depreciation and amortization as a percentage of net sales

CASH FLOW PER SHARE FOR THE YEAR
Cash flow for the year divided by the weighted average number of shares during the year.

EQUITY /ASSETS RATIO
Equity attributable to shareholders of Anoto Group AB as a percentage of total assets

EBITDA
Operating profit/loss before depreciation and amortization.

EBITDA is considered to be a useful measure of the group´s performance because it approximate the underlying operating cash flow by elimination depreciation and amortization. A reconciliation from group operating profit/loss is set out below.

	2017	**2016**	**2015**
TSEK	**Jan-Mar**	**Jan-Dec**	**Jan-Dec**
Operating profit/loss	**-31 644**	**-238 660**	**-106 249**
Depreciation and amortisation	**4 036**	71 238	7 321
EBITDA	**-27,608**	**-167 422**	**-98 928**