QUARTERLY REPORT

Q2/ 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 August 1, 2017 at 08:45 CET

For more information: www.anoto.com

REPORT JANUARY – JUNE 2017

- The group made an Operating Profit of 6.7M SEK and a net profit of 575K SEK in Q2 of 2017.
- Gross margin in the quarter was 43% including the effect of licensing revenue of 1 million USD and increased margins at Pen Generations.
- Overhead costs in the quarter amounted to 15 MSEK, significantly down from Q1 2017 (48 MSEK) and Q4 2016 (80 MSEK). This is the impact of cost reduction activities flowing through to operating results. Most of the overhead costs for the Lund office are still included in the Q2 number.
- For the first half of 2017, the Company recorded 95 MSEK of revenue, negative 25 MSEK in Operating Profit, and a net loss of 37 MSEK.
- Revenue for the quarter increased from 45.7 MSEK to 49.1 MSEK despite the reduction in workforce.

Key Ratios	**2017 Apr-Jun**	**2016 Apr-Jun**	**2017 Jan-Jun**	**2016 Jan-Jun**	**2016 Jan-Dec**
Net Sales, MSEK*	**49**	**83**	**95**	**128**	**236**
Gross profit/loss, MSEK*	**21**	**26**	**37**	**44**	**79**
Gross Margin, %	**43%**	**31%**	**39%**	**34%**	**34%**
Operating Margin, %	**14%**	**Neg**	**Neg**	**Neg**	**Neg**
Operating profit/loss, MSEK	**7**	**-42**	**-25**	**-104**	**-260**
EBITDA, MSEK	**7**	**-36**	**-20**	**-90**	**-190**
Profit/loss for the period, MSEK	**1**	**-40**	**-37**	**-102**	**-263**
Earnings per share before and after dilution, SEK*	**0.00**	**-0.03**	**-0.02**	**-0.08**	**-0.15**
Cash flow for the period, MSEK*	**3**	**32**	**3**	**30**	**-6**
Cash at end of period, MSEK*	**9**	**42**	**9**	**42**	**6**

* Defined under IFRS

CEO COMMENTS

The acquisition of Pen Generations is beginning to pay off as it is rapidly becoming the largest revenue and profit contributor for Anoto. Recent growth in our Education business in Asia has required Anoto to double the production capacity for Pen Generations pens. With continued sluggishness in Forms sales and a seasonal and transitional lull in the Notetaking business, Pen Generations is currently the brightest spot among the existing business lines.

In Q2 2017, we continued our initiatives to restructure the business and announced the closing of the Anoto KK (Japan) office. With the Japan closure, Anoto will have only two offices, one in the UK and one in Korea.

Once again, the reduction in headcount had no impact on revenue as Q2 revenue showed a 7.4% increase over Q1.

Q2 is a turning point for Anoto. The restructuring and cost saving efforts are nearly complete and the management is turning its attention to increasing sales. Anoto hosted a global Solutions Roundtable in Seoul, Korea during the last week of June at which it shared its pen roadmap and R&D. This is a demonstration of Anoto's new dedication to transparent communication and active cooperation within the extensive Anoto global partner network.

OUTLOOK

During the second half of 2017, Anoto's management will concentrate on increasing sales in the Forms and Notetaking businesses. We are also already increasing our Anoto DNA (ADNA) sales activities now that this exciting initiative is ready for commercial launch.

Having recently had the benefit of lots of time with customers, I am more convinced than ever that there is a significant market for Anoto's proprietary technology. It seems evident that in the past Anoto never tru ly made a conscious, strategically guided effort to increase the user base. It is insane to talk about market share when selling a few hundred thousand pens a year to a global population of almost 8 billion people. It is also not relevant to talk about competition with tablets as there are many areas that require a pen rather than a tablet. Starting with the Anoto Solutions Roundtable, we are now beginning to market our technology and products from scratch with a start-up mindset.

As one of our customers eloquently said, the Anoto pen is "changing everything, without changing anything." It is an instrument where training is not necessary and adoption is relatively easy. One of our key customers who is also a professor at MIT said, "An Anoto pen is not just a pen. It is a piece of precision equipment and you guys don't know it." There are substantive reasons we have customers who have stayed loyal to us for years and, in spite of poor execution in the past, they still believe in Anoto and in our technology. We are now developing to our potential.

At the beginning of July 2017, Anoto launched a convertible bond offering to secure working capital to meet increased demand and to prepare manufacturing lines and inventory for our new pen launching in the third quarter of this year. We were able to close this offering on July 21st with 32.5 MSEK raised in less than one month from the announcement to closing. We did this without the help of a securities firm and without wide-net sales activities involving a prospectus. Despite having a six-month lock-up, we were able to raise substantially more than anticipated. I believe this is a sign of investor confidence returning to Anoto. With the combination of operational profit and the proceeds from the offering, Anoto's financial position has improved significantly.

Joonhee Won
CEO, Anoto Group AB (publ)

ANOTO GROUP IN THE SECOND QUARTER 2017

Total sales in the quarter amounted to 49.1 MSEK (45.8) and operating profit amounted to 6.7 MSEK (-31.6). These quarter-over-quarter increasing sales were derived from focusing on three existing business areas rather than the thirteen business areas that were diffusing resources in the prior year. They also do not include the one-off loss-making project in Asia that inflated prior year same-quarter numbers.

The structural changes recently made are producing the desired cost savings. As planned, the second quarter of 2017 shows a significant reduction (68%) in operating expenses compared to Q1 and an even larger reduction (79%) compared to the same period in 2016.

Net sales per product group MSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Licenses and royalties	14	2	17	5	11
Digital Pens	34	74	76	112	196
Other	1	7	2	11	29
Total	49	83	95	128	236

Note this table has been revised to reclassify sales for YTD June

Asia continues to provide strong growth but quarterly performance in North America, while improving, was lower than budgeted. The demand generation activities initiated toward the end of Q1 and beneficial seasonality are expected to bring North American performance back within range over the second half of the year. The global forms market continues to show significant promise but near-term sales have experienced repeated project delays. The deal pipeline in emerging markets remains full and there continue to be potentially large deployments that we expect to close starting in the remainder of 2017 and in early 2018.

Net cash flow after financial activities was 2.6 MSEK (0.4). Investments in fixed assets amounted to 7.1 MSEK (0.2) including capitalised expenses of 7.1 MSEK (0.0).

Quarterly Summary	2017 Q2	2017 Q1	2016 Q4	2016 Q3
Net Sales, MSEK*	**49**	**46**	**68**	**40**
Gross Margin, %	**43%**	**35%**	**34%**	**31%**
Operating costs, MSEK	**-14**	**-48**	**-77**	**-116**
EBITDA, MSEK	**7**	**-27**	**-42**	**-60**
Profit/loss for the period, MSEK	**1**	**-37**	**-56**	**-106**

* Defined under IFRS

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 2016 annual report. The accounting policies applied and the judgments in the Interim Report are consistent with those applied in the Annual Report for 2016 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 in 2017.

INVESTMENTS

In Q2 2017 Anoto invested 7.1 MSEK in additional product development costs capitalised as intangible assets. This project has as its purpose to deliver a common future pen platform for the Group. In 2016 intangible assets were evaluated and costs previously capitalised on projects were written off where those projects were no longer proceeding.

RELATED PARTY TRANSACTIONS

As at 31 March, 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 were satisfied in Q2 through a combination of repayment and as an offset against the lender's subscription for 9.2 MSEK of Anoto convertible bonds issued in December 2016.

FINANCING

In Q2 Anoto received USD 5 million from SMark in fulfilment of an agreement reached in Q1. In this reporting quarter, Anoto also converted 29.8 MSEK of bonds issued in December 2016 and issued 220,740,740 new shares in Anoto Group AB.

RISK FACTORS AND UNCERTAINTIES

Anoto management continues to address a number of risks facing the company. In the recent past 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 first half of 2017. The corporate strategy has been refined through the imposition of focus and it is expected that the performance increase associated with this focus, combined with the substantial cost reductions achieved, will put Anoto in a cash-generating position in 2017.

The cost reduction programme will be completed by the end of Q3 of this year and should by then be delivering the full savings benefits. Anoto will continue to monitor 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.

Profitable growth is now the objective on which management is concentrating. Market response and sales timing are obviously risks being managed in this regard. The diversified portfolio of existing businesses (Education, Forms, and Notetaking) and ADNA is an important force in minimizing this risk.

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 June 30, 2017, the receipt of funds from NeoLAB in April 2017, an investment of $5.0m by SMark in May, the July convertible bond offering, 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 June 30, 2017 Anoto Group had a total of 66 employees as compared to 96 at year-end 2016. When the already announced restructuring plans have been completed a further 23 employees will no longer be on the Group payroll.

OPTION PROGRAMS

At the 2017 Annual General Meeting on June 30, 2017, new incentive schemes for senior executives and board members were approved. The 2017/2020 incentive scheme for executives comprises a maximum of 106 million stock options and the scheme for board members comprises a maximum of 18 million stock 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 2,776,942,732.

TRANSACTIONS AND ACTIVITIES AFTER JUNE 30, 2017

On July 18, 2017, Anoto announced the successful placement of approximately SEK 32.5 million of senior unsecured convertible bonds due 2019. The proceeds will help give the Company the required funds to support future business operations including funds to expand production capacity in Q3 to meet increasing pen demand.

The Bonds carry no coupon, i.e. no interest will be paid, have a six-month lock-up, and a conversion price of SEK 0.13. The Bonds have been issued and will, unless previously converted, be redeemed at 100% of their principal on July 22, 2019. If all Bonds are converted, the number of shares in the

Company will increase by 250,000,000 shares, representing approximately 8.3% of the share capital and votes after dilution.

LEGAL ACTIVITIES

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. In early June, the Parties further agreed to extend the voluntary stay of both proceedings for an additional three months, through mid-September. Currently, Anoto and LeapFrog (through LeapFrog’s corporate parent, VTech) are in advanced commercial discussions regarding several topics, and Anoto is optimistic that a favorable settlement to this dispute will be reached with LeapFrog in the third quarter of 2017.

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 is currently preparing a motion 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 was expected to issue its decision on June 27, but has postponed the hearing date until August 1.

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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 08:45 on August 1, 2017.

CALENDAR 2017

Q3 Report – 7th December, 2017

Please visit www.anoto.com/investors for the latest investor calendar information.

FOR MORE INFORMATION

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FINANCIAL REPORTS

Condensed statement of comprehensive income

TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Net sales	49,140	83,098	94,931	128,281	235,657
Cost of goods and services sold	-27,975	-57,571	-57,752	-84,457	-156,264
Gross profit	**21,165**	**25,528**	**37,179**	**43,825**	**79,393**
Sales, administrative and R&D costs	-15,253	-73,802	-62,971	-153,693	-344,348
Other operating income/cost*	820	6,282	879	6,286	4,602
Operating profit/loss	**6,732**	**-41,992**	**-24,913**	**-103,582**	**-260,353**
Other financial items*	-7,762	1,023	-13,546	-478	-7,317
Profit before taxes	**-1,030**	**-40,969**	**-38,459**	**-104,060**	**-267,670**
Taxes	1,606	1,278	1,569	2,117	4,445
Profit/loss for the period	**576**	**-39,691**	**-36,890**	**-101,943**	**-263,225**
Total Profit/loss for the period attributable to:					
Shareholders of Anoto Group AB	554	-38,177	-36,944	-99,426	-255,625
Non controlling interest	22	-1,514	54	-2,517	-7,600
Total Profit/loss for the period	**576**	**-39,691**	**-36,890**	**-101,943**	**-263,225**
Other comprehensive income					
Translation differences for the period	-11,573	597	-1,782	244	-1,283
Other comprehensive income for the period	**-11,573**	**597**	**-1,782**	**244**	**-1,283**
Total comprehensive income for the period	**-10,997**	**-39,094**	**-38,672**	**-101,699**	**-264,508**
Total comprehensive income for the period attributable to:					
Shareholders of Anoto Group AB	-11,019	-37,580	-38,726	-99,182	-258,182
Non controlling interest	22	-1,514	54	-2,517	-6,326
Total comprehensive income for the period	**-10,997**	**-39,094**	**-38,672**	**-101,699**	**-264,508**
Key ratios:					
Gross margin	43.1%	30.7%	39.2%	34.2%	33.7%
Operating margin	13.7%	Neg	Neg	Neg	Neg
Earnings per share before and after dilution	0.00	-0.03	-0.02	-0.08	-0.15
Average number of shares before and after dilution**	2,596,029,016	1,547,401,145	2,469,135,526	1,303,297,486	1,792,711,313

Condensed consolidated balance sheet

TSEK	30-06-17	30-06-16	31-12-16
Intangible fixed assets	235,154	308,005	236,810
Tangible assets	4,316	8,518	8,414
Financial fixed assets	18,370	3,855	18,855
Total fixed assets	**257,840**	**320,377**	**264,079**
Inventories	**45,984**	**68,814**	**49,478**
Accounts receivable	29,102	59,147	34,825
Other current assets	26,586	13,319	35,356
Total short-term receivables	**55,688**	**72,466**	**70,181**
Liquid assets, including current investments	8,557	41,523	5,553
Total current assets	**110,229**	**182,803**	**125,212**
Total assets	**368,069**	**503,180**	**389,291**
Equity attributable to shareholders of Anoto Group AB	247,014	366,571	213,258
Non controlling interest	-394	-12,248	-1,689
Total equity	**246,620**	**354,323**	**211,569**
Convertible debt	9,200	0	28,000
Long Term Provisions	11,947	11,117	6,900
Other long term liabilities	0	165	131
Total long-term liabilities	**21,147**	**11,282**	**35,031**
Short term provisions	720	0	1,312
Short term loans	11,768	17,491	29,018
Other current liabilities	88,534	120,084	112,361
Total current liabilities	**100,302**	**137,575**	**142,691**
Total liabilities and shareholders equity	**368,069**	**503,180**	**389,291**

Consolidated changes in shareholders equity

TSEK	Share capital	Ongoing share issue	Other capital contributed	Reserves	Profit/loss for the year	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					-255,625	-255,625	-7,600	-263,225
Other comprehensive income				-2,557		-2,557	1,274	-1,283
Total comprehensive income	**0**	**0**	**0**	**-2,557**	**-255,625**	**-258,182**	**-6,326**	**-264,508**
New share issue	22,859		137,680			160,539		160,539
Ongoing new share issue		12	854			866	-866	0
Acquisitions	2,894		35,939			38,833		38,833
Debt conversion					-6,724	-6,724	-6,460	-13,184
Loss of control							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**
Profit/loss for the year					-36,944	-36,944	54	-36,890
Other comprehensive income				-1,782		-1,782		-1,782
Total comprehensive income	**0**	**0**	**0**	**-1,782**	**-36,944**	**-38,726**	**54**	**-38,672**
Ongoing acquisition of XMS [1)]	57	-24	-1,274			-1,241	1,241	0
Conversion of debt - 8 May	4,415		25,385			29,800		29,800
Private placement - 8 May	4,250		39,673			43,923		43,923
Closing balance 30 June 2017	**55,539**	**0**	**1,181,314**	**-12,856**	**-976,983**	**247,014**	**-394**	**246,620**

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 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Profit/loss after financial items	**-1,030**	**-40,969**	**-38,459**	**-104,060**	**-267,670**
Depreciation, amortisation	750	6,154	4,786	13,176	70,736
Other items not included in cash flow	-6,039	2,910	11,888	4,488	-12,866
Items not included in cash flow	**-5,289**	**9,064**	**16,674**	**17,664**	**57,870**
Cash flow from operating activities					
before changes in working capital	**-6,319**	**-31,905**	**-21,785**	**-86,396**	**-209,800**
Change in operating receivables	-3,314	-7,951	14,495	44,355	63,899
Change in inventory	-3,855	-13,956	3,494	-24,225	20,298
Change in operating liabilities	-15,178	-32,389	-24,585	-41,621	-38,209
Cash flow from operating activities	**-28,666**	**-86,201**	**-28,381**	**-107,887**	**-163,812**
Intangible assets	-7,113	-49,105	-7,113	-55,810	-26,380
Fixed assets	780	-1,293	545	-4,940	-6,817
Disposal of associated company	0	0	0	0	1,700
Financial assets	368	0	484	0	-16,962
Cash flow from net capital expenditures	**-5,965**	**-50,398**	**-6,084**	**-60,750**	**-48,459**
Total cash flow before financing activities	**-34,631**	**-136,599**	**-34,465**	**-168,637**	**-212,271**
New share issue	43,923	198,850	43,923	209,381	160,539
Convertible loan	0	0	1,800	0	28,000
Change in financial liabilities	-6,658	-30,000	-8,254	-10,850	17,656
Cash flow from financing activities	**37,265**	**168,850**	**37,469**	**198,531**	**206,195**
Cash flow for the period	**2,634**	**32,251**	**3,004**	**29,894**	**-6,076**
Liquid assets at the beginning of the period	5,923	9,272	5,553	11,629	11,629
Liquid assets at the end of the period	**8,557**	**41,523**	**8,557**	**41,523**	**5,553**

Key ratios

TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Cash flow for the period	2,636	32,251	3,004	29,894	-6,076
Cashflow / share before and after dilution (SEK) [1]	0.00	0.02	0.00	0.02	0.00
Average number of shares before and after dilution	2,596,029,016	1,547,401,145	2,469,135,526	1,303,297,486	1,792,711,313

	30-06-17	30-06-16	31-12-16
Equity/assets ratio	67.1%	72.9%	54.8%
Number of shares	2,776,942,732	2,277,077,468	2,340,832,108
Shareholders equity per share (kr)	0.09	0.16	0.09

[1] *Based on the weighted average number of shares and outstanding warrants for each period. Only warrants for which the present value of the issue price is lower than the fair value of the ordinary share are included in the calculation.*

Parent company, summary of income statement

	2017	2016	2017	2016	2016
TSEK	**Apr-Jun**	**Apr-Jun**	**Jan-Jun**	**Jan-Jun**	**Jan-Dec**
Net sales	0	94	0	617	13,681
Gross profit	**0**	**94**	**0**	**617**	**13,681**
Administrative costs	-1,580	-840	-3,529	-1,454	-13,184
Operating profit	**-1,580**	**-746**	**-3,529**	**-837**	**497**
Profit/loss from shares in Group companies	-100	0	-100	0	-151,000
Financial items	1,601	570	1,714	575	748
Profit for the period	**-79**	**-176**	**-1,915**	**-262**	**-149,755**

Parent company, balance sheet in summary

TSEK	**30-06-17**	**30-06-16**	**31-12-16**
Intangible fixed assets	41	61	47
Financial fixed assets	451,156	396,781	421,912
Total fixed assets	**451,197**	**396,842**	**421,959**
Other short-term receivables	224,332	155,623	231,347
Liquid assets, including current investments	78	29,387	303
Total current assets	**224,410**	**185,010**	**231,650**
Total assets	**675,607**	**581,852**	**653,609**
Equity	504,509	571,177	445,314
Other long term liabilities	152,353	0	153,549
Convertible Debt	9,200	0	28,000
Short term loans	0	0	15,138
Other current liabilities	9,545	10,675	11,608
Total liabilities and shareholders equity	**675,607**	**581,852**	**653,609**

Note 1 - Financial instruments

Group 30 June 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	1,409			1,409	1,409
Accounts receivable	30,124			30,124	30,124
Other receivables				0	0
Cash	8,557			8,557	8,557
Short-term investments and securities				0	0
Assets	**40,090**	**0**	**0**	**40,090**	**40,090**
Borrowings			26,271	26,271	26,271
Accounts payable			58,490	58,490	58,490
Other liabilities			7,648	7,648	7,648
Liabilities	**0**	**0**	**92,409**	**92,409**	**92,409**

Group 30 June 2016	Loans and accounts receivable	Available for sale financial assets	Other financial liabilities	Total book value	Total fair value
Investments				2,251	2,251
Long-term receivables				0	0
Accounts receivable	59,146			59,146	59,146
Other receivables				0	0
Cash	41,522			41,522	41,522
Short-term investments and securities				0	0
Assets	**100,668**	**0**	**0**	**102,919**	**102,919**
Borrowings	17,868			17,868	17,868
Accounts payable			55,624	55,624	55,624
Other liabilities			33,625	33,625	33,625
Liabilities	**17,868**	**0**	**89,249**	**107,117**	**107,117**

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 ref fair value. Accounts receivable and accounts payable with a due time over six months are discounted at the time of determini 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 belives 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 Grop 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 as a percentage of net sales.

CASH FLOW PER SHARE
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 amortisation.

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

	2017	2016	2017	2016	2016
TSEK	**Apr-Jun**	**Apr-Jun**	**Jan-Jun**	**Jan-Jun**	**Jan-Dec**
Operating profit/loss	6,732	-41,992	-24,913	-103,582	-260,353
Depreciation and amortisation	750	6,154	4,786	13,176	70,736
EBITDA	**7,482**	**-35,838**	**-20,127**	**-90,406**	**-189,617**