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Anoto announces a fully underwritten rights issue of approximately SEK 160 million and appoints Joonhee Won as an interim CEO

Lund, March 24, 2016 – The Board of Directors of Anoto Group AB (publ) (“Anoto” or the “Company”) has resolved to conduct a rights issue of shares of approximately SEK 160 million, before issue costs, subject to approval by the Extraordinary General Meeting.

Summary

- In order for Anoto to improve the Company’s strategic focus and to be able to fully deliver on the current business plan, the Board of Directors has decided to change leadership and to appoint Joonhee Won as an interim CEO. Stein Revelsby will leave office with immediate effect
- Rights issue of approximately SEK 160 million, before issue costs, with preferential rights for shareholders in Anoto
- The rights issue is fully underwritten by a combination of large shareholders in Anoto, Carnegie Investment Bank AB (publ) (“Carnegie”) and external investors
- The proceeds will be used to pay short term liabilities as well as to strengthen the Company’s financial position to be able to deliver on the current business plan
- The complete terms for the rights issue, including subscription process, are expected to be announced on or about April 21, 2016
- Until the proceeds from the rights issue is available, Anoto has entered into a short term loan agreement with a Swedish bank to be able to draw on a credit facility of up to SEK 20 million
- The rights issue is subject to approval by the Extraordinary General Meeting on April 27, 2016 and provided that such approval is given, the subscription period will run from May 4, 2016 to May 19, 2016. Notice of the Extra ordinary General Meeting will be available on the Company’s website, www.anoto.com

Background and reasons

Significant investments made in a proprietary technology platform and strategic acquisitions

In recent years, Anoto has made significant investments in broadening its product portfolio and to take a leading position to allow for the continued use of the category of pen and paper in the ongoing market transition from analogue to digital writing. In recent years, continued development in Anoto’s proprietary dot pattern technology and smart pens has allowed the Company, and thereby its addressable market, to expand from paper to also include digital displays and interactive walls. The prevailing shift towards the use of smart pens on digital displays has also triggered a growing demand on the large screen display market, i.e. displays larger than 55 inch.

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Anoto's ambition is to deliver the world's most versatile smart pen platform which enables a low production cost solution combined with the highest precision. Its strategy is to focus on five areas where the use of pen is business critical or has significant end user value. These focus areas are; Document and Data Capture Solutions, Productivity Products, Learning Solutions, Interactive Collaboration Solutions, and Creativity Products.

An important part of the strategy has been to consolidate what used to be a fragmented eco system to achieve synergies in product development, supply chain, manufacturing and marketing as well as to improve the utilization of distribution channels within the different focus areas and market verticals.

During late 2015, Anoto acquired Livescribe, one of its partners with a strong sales record and a well-established brand within the customer segment of education and personal productivity products, at a purchase price of USD 15 million.

In February 2016, Anoto announced the acquisitions of the remaining stakes of Pen Generations Inc. (85%), We-Inspire GmbH (75%) and Destiny Wireless Ltd (49%). Pen Generations, which primarily targets the education markets in Asia, has important expertise of manufacturing large volumes and developing low cost pens, which is essential for the expansion into the consumer market. We-Inspire brings innovative solutions for collaboration activities, utilizing large format walls (up to 24 feet) enabled for the Anoto technology. Destiny Wireless, one of the first Anoto partners focusing on documents and data capture solutions, will make it possible to fully integrate and consolidate the business units in the UK. The total consideration for the remaining stakes in the three companies is approximately SEK 80 million. The consideration will be paid in Anoto shares, by way of a new share issue with payment in kind, in accordance with the received authorization from the Extraordinary General Meeting held on March 2, 2016. Closing of these acquisitions is expected to take place before the Annual General Meeting 2016.

In August 2015, Anoto secured its largest enterprise solutions contract to date from a large Japanese financial services company. The contract is for 29,000 digital pens that was scheduled to be delivered during the fourth quarter 2015.

In November 2015, Anoto entered into an agreement with HP for the development and launch of active pens and a range of displays with embedded Anoto-functionality for precision pen input. The first products are targeting users of HP Workstations, which primarily includes high end users within the creative and design user segment. The agreement constitutes four years of exclusivity subject to minimum purchasing volumes by HP over the exclusivity period.

During 2015, Anoto increased its product offering to include own developed prototypes of large format displays (55 inch and 65 inch) with touch technology and precision pen input. The feedback from potential OEM customers was very positive. As a result, Anoto decided to launch a series of Anoto enabled large format displays in 2016. The initial products will be Anoto branded to use an important reference model. However, the Company's strategy is to

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establish relationships with global display manufacturers in order to enable their products for Anoto precision pen input.

Weakened financial position following delays in the delivery of large orders, increased costs of development in connection with the HP agreement and production of large format displays

As previously announced, the delivery of 29,000 pens to a large Japanese financial service company (contract value of approximately SEK 37 million), initially planned for the fourth quarter of 2015, was delayed due to issues pertaining to manufacturing and production delays of a critical component. Manufacturing commenced after the Chinese New Year and Anoto announced on February 28, 2016 that the delivery was expected during the first quarter of 2016. However, due to low production yield and long lead times for the critical component, Anoto will not be able to deliver more than approximately 20 percent of the order volumes in the first quarter of 2016. The remaining volumes will be delivered in the second quarter of 2016. As a consequence, Anoto has not yet received the remaining revenue from the contract.

The product development process with HP, under the current agreement, is progressing according to plan. However, the relationship with HP has strengthened which has led to an increased scope of work. As a result, the development project will require more resources than earlier expected, which further increases the need for additional capital in Anoto. The Company cannot comment on specific product plans or time schedule for product releases but it expects the business relationship with HP to generate substantial revenues over the coming years.

The commercial launch of large format displays is expected to take place in the second quarter of 2016. Ramp up in production of large format displays will require additional working capital and capital expenditure to expand volume production. The new large format display solutions are expected to generate revenue in the third quarter of 2016.

Focused strategy, new leadership and delivery on business plan

Over the last years, Anoto has invested significantly in building one technology platform, based on pen, software and pattern, and broadening the product portfolio in order to benefit from its leading position in the ongoing market transition from analogue to digital writing. Anoto is facing exciting market opportunities as the technology can be applied across various surfaces and on virtually all types of display applications. The Company has recently initiated a focused sales strategy to capture these opportunities, with a clear go-to-market approach for each of Anoto's five focus areas. In addition, by acquiring its partner Livescribe and the remaining stakes in Pen Generations, We-Inspire and Destiny, Anoto expects to achieve synergies in product development, supply chain and manufacturing.

The task of integrating acquisitions while improving the Company's financial discipline, planning and carefully balancing the organization's resources across the new focus areas requires a new leadership.

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As such, the Board of Directors has on March 23, 2016 appointed a new interim CEO and a new COO. Joonhee Won, who has served on the board of Anoto for three years, will assume the role as an interim CEO while Tom Webb, who was recruited to Anoto in September 2015 as Senior Vice President in product management, will become the COO. Joonhee Won is a Harvard graduate with a long experience from the financial industry and as a private equity investor. He also has a track record of successfully managing portfolio companies. He has been instrumental in creating Time Education which today is one of the largest education companies in Korea. Time Education acquired and integrated more than 20 companies into a single education company which now has commanding lead in the private education sector in Korea. He was the Executive Chairman for the past seven years.

Tom Webb also brings relevant experience having worked for over 30 years in the software technology industry, focusing primarily on various aspects of enterprise, embedded and mobile software applications and systems development.

- "I am excited to take on this challenge. Three years on the Board have given me insight into the exciting market opportunities that is right ahead of Anoto. But it has also given me a clear understanding of the need for improved discipline across the organization, both financially and operationally, to lead the Company in the right direction," said Joonhee Won, interim CEO of Anoto.

Stein Revelsby will resign from office with immediate effect after five years as CEO. He will receive 6 months of salary under the terms of his employment contract. The recruitment process of finding a long-term alternative as CEO will be initiated within a few months.

- "Stein Revelsby has been successful and inspiring in leading Anoto through a challenging period to its leading market position, for which Stein Revelsby deserves our profound appreciation. The Board of Directors has concluded that it is time for a new leadership and a new CEO who can take Anoto to the next level," said Jörgen Durban, Chairman of the Board of Anoto.

The Board of Directors has resolved to carry out a fully underwritten rights issue of approximately SEK 160 million

In order to strengthen the Company's financial position and secure financing to execute on the business plan, the Board of Directors in Anoto has decided to, provided approval from Extraordinary General meeting, carry out a rights issue of approximately SEK 160 million before issue costs. Proceeds from the rights issue will be used to pay short term liabilities as well as to strengthen the Company's financial position to be able to deliver on the current business plan. The funds from the rights issue will not be made available to Anoto until the end of the subscription period, which is expected to be in the end of May, 2016. Anoto has entered into a short term credit agreement with a Swedish bank for an amount of SEK 20 million. The credit agreement includes customary pledges on the material assets of Anoto.

The rights issue

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On March 23, 2016, the Board of Directors resolved, subject to approval from the Extraordinary General Meeting and subject to a decision to amend the limits for share capital and number of shares in the articles of association at the Extraordinary General Meeting, to raise SEK 160 million before issue costs through a rights issue of new shares with preferential rights for existing shareholders, pro rata to the number of shares held on the record date. The Extraordinary General Meeting is planned to be held on April 27, 2016 and Anoto will today separately announce a notice to the General Meeting.

The Board of Directors expects to announce the final terms of the rights issue, including the maximum increase of the share capital and the highest number of shares to be issued and the subscription price for the new shares, on or about April 21, 2016. The final terms will be agreed between the Board of Directors and its financial advisor.

In the event that all shares are not subscribed for with subscription rights, shareholders and others will have the opportunity to subscribe for the remaining shares without subscription rights. The record date for participation in the rights issue will be May 2, 2016 and the subscription period will occur during the period May 4, 2016 – May 19, 2016.

Subscription undertakings and underwriting commitments

The largest shareholder, Solid, representing 3.9 percent of the outstanding shares in the Company, has agreed to vote in favour of the share issue at the upcoming Extraordinary General Meeting. Solid and the Company's interim CEO, Joonhee Won, have entered into an agreement to subscribe for the pro rate share of Solid in the rights issue, corresponding to approximately 3.9 percent of the rights issue, for which the subscribing party is yet to be decided between the parties.

Jörgen Durban, the Chairman of the Board of Directors of Anoto, and Henric Ankarcrona, a member of the Board of Directors of Anoto, have undertaken to subscribe for their pro rata shares in the rights issue, corresponding to approximately 0.3 percent and 0.1 percent of the rights issue, respectively.

An underwriting consortium, including Carnegie, Henric Ankarcrona and a number of institutional and private investors, has undertaken to underwrite the remaining amount, subject to satisfaction of customary conditions.

Prospectus

Full information regarding the rights issue will be included in a prospectus which will be completed and expected to be published on May 2, 2016.

Preliminary timetable for the rights issue

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| March 24, 2016 | Notice issued to Extraordinary General Meeting |
| April 21, 2016 | Final rights issue terms announced in a press release |
| April 27, 2016 | Extraordinary General Meeting of shareholders to approve the rights issue resolved by the Board of Directors |
| May 2, 2016 | Estimated date of publication of the prospectus |
| May 2, 2016 | Record date for participation in the rights issue, i.e. shareholders registered in the share register of Anoto as of this date will receive subscription rights for participation in the rights issue |
| May 4-May 17, 2016 | Trading in subscription rights |
| May 4-May 19, 2016 | Subscription period |
| May 24, 2016 | Announcement of preliminary outcome |

Financial and legal advisors

Carnegie is acting as financial advisor and Setterwalls is acting as legal advisor to Anoto. Baker & McKenzie is acting as legal advisor to Carnegie.

For further information, please contact:

Jürgen Durban, Chairman of the Board of Directors
Joonhee Won, interim CEO

For more information about Anoto, please visit www.anoto.com or email ir@anoto.com

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The information above has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was published at 08:15 am (CET) on March 24, 2016.

Important information

The information in this press release does not constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in Anoto. Any invitation to the persons concerned to subscribe for shares in Anoto will only be made through the prospectus that Anoto estimates to publish on or around 2 May 2016.

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No subscription rights, BTAs (interim shares) or new shares have or will be registered under the U.S. Securities Act of 1933, as amended, (“Securities Act”), or securities legislation in any state or other jurisdiction in the United States and may not be offered or sold, directly or indirectly, in or into the United States, except pursuant to an available exemption from the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

This press release may contain forward-looking statements which reflect Anoto’s current view on future events and financial and operational development. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or prognoses of future developments or trends and which are not statements based on historical facts constitute forward-looking information. Although Anoto believes that these statements are based on reasonable assumptions and expectations, Anoto cannot give any assurances that such statements will materialize. Forward-looking statements are in its nature involved with both known and unknown risks and uncertainties, since it is depending on future events and circumstances. Forward-looking statements do not constitute any representations and warranties and the outcome could differ materially from the information set out in the forward-looking statements.

About Anoto Group AB

Anoto is a global leader in digital writing and drawing solutions. Its technology platform and branded products enable high-precision pen or stylus input on nearly any surface --- from capturing and digitizing handwritten notes and business forms on paper to designing, creating and collaborating directly on large interactive displays, whiteboards, and walls up to 24 feet. Anoto, its strategic licensing partners, and developer community offer a broad portfolio of products, applications and services to business, consumer and education markets, including best-in-class digital note-taking, creative solutions, collaborative solutions, classroom learning solutions, and document processing & management. The Anoto Group has over 150 employees and is headquartered in Lund (Sweden), with offices in Norrköping (Sweden), Basingstoke, Guildford and Wetherby (UK), Los Angeles, San Francisco, and Boston (US) and Tokyo (Japan). Anoto’s Livescribe brand is the leading maker

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The logo for Anoto, featuring the word "ANOTO" in a bold, italicized, sans-serif font. The letters are black and set against a light gray background with a fine grid pattern. The logo is positioned on the left side of a horizontal band that spans the width of the page.

of smartpens, which bring notes, words, & ideas to life by connecting pen & paper to the digital world. Anoto is traded on the Small Cap list of NASDAQ OMX Stockholm under ANOT.