



Anoto

QUARTERLY REPORT

Q4/ 2015

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 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.

This report was published February 8, 2016 at 07.20 CET

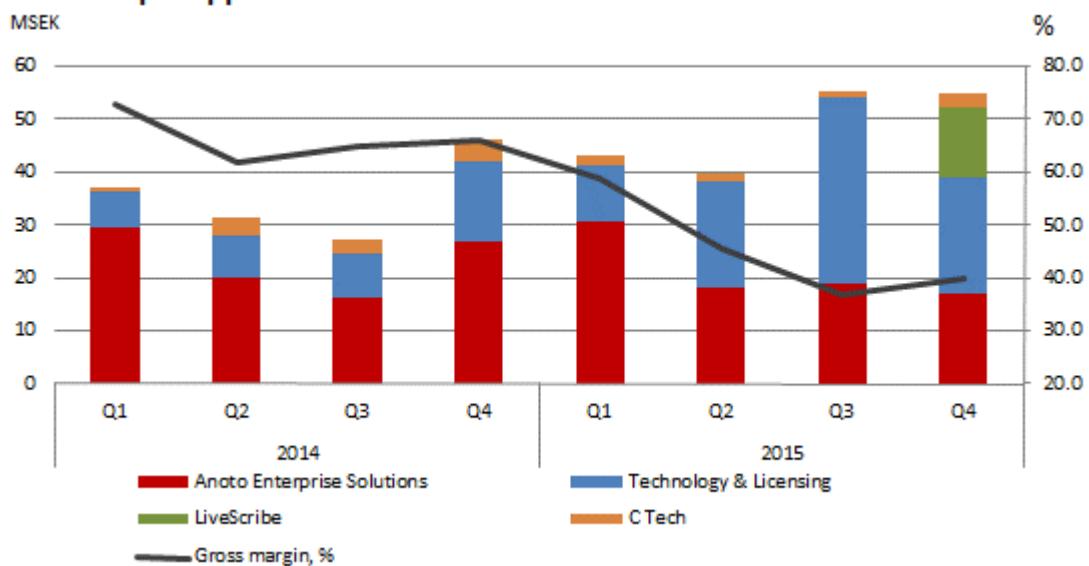
For more information: www.anoto.com

REPORT JANUARY – DECEMBER 2015

- Net sales in the period was MSEK 193 (141) and Net sales for the quarter were MSEK 55 (46).
- The Gross margin for the period was 44% (67%) and Gross margin for the quarter was 40% (66%) mainly due to larger sales of hardware to our partners in Korea within education. Gross profit for the period was MSEK 85 (94) and Gross profit for the quarter was MSEK 22 (30).
- Earnings before depreciation and amortization (EBITDA) for the period was MSEK -99 (-67) and EBITDA for the quarter was MSEK -39 (-9).
- The Result after tax for the period was MSEK -109 (-63) and the Result after tax for the quarter was MSEK -40 (-6).
- Earnings per share before and after dilution for the period was SEK -0.13 (-0.13) and for the quarter SEK -0.04 (-0.01).
- Cash flow during the period was MSEK 8 (-3) and Cash flow for the quarter was MSEK 5 (2). Cash flow from operating activities before changes in working capital for the period was MSEK -100 (-56) and for the quarter MSEK -47 (-6). Cash flow from financing activities during the period was MSEK 289 (114) and for the quarter MSEK 192 (55).

Key ratios	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales, MSEK	55	46	193	141
Gross profit/loss	22	30	86	94
Gross margin, %	40	66	44	67
Operating profit/loss, MSEK	-41	-4	-106	-56
Profit/loss after tax, MSEK	-40	-6	-108	-63
Earnings per share before and after dilution, SEK	-0.04	-0.01	-0.13	-0.13
Cash flow, MSEK	5	2	8	-3
Cash at end of period, MSEK	12	4	12	4

Net sales per application area



Comments from the CEO

ONE PEN ACROSS ANY SURFACE – 5 BUSINESS AREAS

Revenues in the fourth quarter were 55 MSEK compared to 46 MSEK in Q4 2014. Gross margin was 40% compared to 66% in Q4 2014. Revenues were higher than the expected forecast of 46 MSEK we announced on December 30th due to higher Livescribe sales, included with effect from December 1st, and end of quarter deliveries to partners in Korea. The lower gross margin was due to the product mix in the quarter with larger deliveries to partners within education. Operating expenses, excluding amortization, depreciation, and foreign exchange gains(losses), in the quarter were 61 MSEK compared to 39 MSEK in Q4 2014 and 49 MSEK in Q3 2015. As previously announced the higher operating expenses in 2015 were related to product development with HP, research and testing of new micro dot thin film solutions for large displays, increased travel costs and components related to large display activities and the development of Anoto Live™ Services. The combined result of these efforts is a broader product portfolio that we are preparing for launch in the coming quarters and a back-end infrastructure for the support of partners and resellers. On top of this Livescribe operating expenses were included for December as well as transaction costs related to the financing and acquisition of Livescribe. Legal fees were also higher in Q4 in particular related to the patent infringement suits Anoto has filed and is planning to file against NeoLAB Corporation and its partners.

The 37 MSEK delivery to a large Japanese Financial Services Company was planned for Q4 of 2015 but due to delays in components delivery and testing the manufacturing schedule was changed till after Chinese New Year. Expected delivery start is now 3rd week of February.

The Technology Licensing Agreement with HP was signed on November 5th. We are very excited and fully committed to this partnership and believe HP is the ideal partner to help realize our vision about a universal digital writing platform that embraces user cases across all industries. Anoto cannot comment on specific product plans and time schedule for product releases other than to confirm that work progresses as planned and we expect our business relationship with HP to generate significant revenues in the coming years.

We completed the financing and acquisition of Livescribe on December 1. The acquisition was another step in consolidating the Anoto ecosystem and to realize synergies in hardware and software development, supply chain and operations, as well as to give Anoto access to additional market channels for online sales and retail distribution.

After careful consideration of what we consider is a significant growth opportunity we have decided to change strategy and step up our efforts within Large Format Displays and to launch a series of Anoto branded products. The first product Anoto Live™ 55" UHD 4K Collaboration Display combines the best of projected capacitive touch with high-precision digital pen input to create the ultimate interactive collaboration experience. The product will be launched at ISE 2016 on February 9th and expected commercial availability is mid-April. Based upon preliminary discussions with potential partners we also see a large opportunity for OEM business within this area.

OUTLOOK

A New Way To Manage And Track Our Business

As Anoto enters 2016 with a significant increase in scale and scope of business, the Company will undergo a structural reorganization in how it manages and tracks its business. Having completed the acquisitions of XMS Penvision and Livescribe as well as the upcoming completion of the announced acquisitions of Destiny Wireless, We-Inspire and Pen Generations, the Company is now poised to move forward in 2016 with direct control over an unprecedented degree of the Anoto value chain and ecosystem. This will allow Anoto to deliver products and offerings, directly and through partnerships, across 5 key business areas in which the Company's technology delivers significant value to end-customers while also providing considerable advantage over competing offerings.

These 5 business areas, discussed in detail below, are:

- **Collaboration Solutions**
- **Personal Productivity Products**
- **Documents & Data Capture**
- **Creativity Solutions**
- **Learning Solutions**

1. Collaboration Solutions

Anoto's Collaboration Solutions (CS) business area is comprised of a combination of Anoto hardware and software products, including Large Format Displays and Interactive Walls, as well as a complement of collaboration software uniquely designed to emphasize the value of combined precision pen input and multi-touch across the range of these large surface products. While the Interactive Wall products have been part of the We-Inspire product catalog, the Large Format Displays are completely new and uniquely utilize Anoto dot pattern film on Ultra High Definition (UHD) 4K displays to provide a state-of-the-art solution for business collaboration applications requiring high-precision pen and multi-touch input capabilities. These products will be brought to market beginning in Q2 of 2016, and positioned as a new family of ***large-surface interactive solutions*** for the Business Collaboration market.

The Collaboration Solutions market is very broad in scope and is typically described by analysts and participating businesses as being comprised of multiple categories of hardware and software. Still in its early stages, the CS market has been identified as "high-growth" with CAGR over the next few years estimated to exceed 35%. The diversity of hardware and software technologies comprising the CS market has resulted in a relatively high degree of market fragmentation with no individual players owning the significant share.

The largest segment of the CS market is Unified Communications and Collaborations (UC&C) systems and solutions, which includes a number of larger players, including Cisco, Microsoft and Polycom. The core use case supported by these vendors is Telepresence, including web conferencing, video and real-time chat. UC&C also includes an adjacent segment for A/V equipment, which is comprised of the component pieces of a UC&C system – displays, projectors, screens, etc. Another sizable segment related to CS is Collaboration content storage and sharing, which includes vendors such as Dropbox, Box and SharePoint. This group of products and services helps manage the huge volume of content that gets created prior to, during and after meeting collaborations.

Anoto's CS solutions will be both complementary to and synergistic with these adjacent UC&C and collaboration content products. This will accommodate a complementary go-to-market approach that will allow Anoto to partner with and 'draft on' some of the large players in this market space.

Anoto is targeting a new and unique position in the Business Collaboration Solutions market that entails providing a range of hardware and software products designed to increase both personal productivity and team productivity by extending pen-based writing and drawing experiences from paper across digital devices including tablets, displays and large interactive walls. The Anoto family of interactive surfaces will include Large Format Displays (up to 85") and large-scale interactive wall-and-projector systems (up to 24 feet) as well as interactive whiteboards (tracked and discussed separately in the Learning Solutions business area). Although there are respectable competitors in each of these individual segments, Anoto is uniquely positioned to establish a prominent position in the ***large-surface interactive collaboration*** category.

At its core, multi-surface interactive collaboration entails a shared experience of digital writing and drawing on paper, tablets, laptops, computers, large displays, interactive whiteboards and interactive walls and then sharing that content with other collaborators – either co-located or remote – across and among ALL of these interactive surfaces.

This is a big market play, but one in which Anoto is extremely well positioned in terms of technology, market timing, strategy and with an entirely unique and defensible position. Anoto technology offers significant performance advantages over conventional interactive white boards and multi-touch-only displays that provide only primitive digital writing via finger or stylus input mechanisms. Even more advanced technologies that allow for more precise digital pen inputs have considerable performance shortfalls in terms of performance and accuracy, especially as the display and surface size increases. The competing approaches are simply not capable of providing the level of high-precision pen input control necessary for serious business collaboration on a large surface. This is particularly true for various Creative collaborative interactions, but also for a broad range of Design and Engineering collaborations where precision input is an absolute 'must have'.

Another strategic differentiator for Anoto in this market is its ability to bring these interactive surfaces to market at a lower cost than many of the competitive products. This is due to the fact that the film that carries the Anoto pattern that is required to produce such large interactive surfaces can be produced at a

much lower cost than the interactive technology employed by most other competitive products. Importantly, the cost-performance advantage grows as the size and scale of the device or surface increases.

The set of multi-surface interactive collaboration products is just the first half of the story, though. The other half of the story is an entirely new and complementary **software platform** that provides even more customer value and competitive differentiation. Anoto has built a new *Live Services™* platform designed to host new Anoto collaboration apps as well as a new tool framework for use by the ISV community to *pen-enable* their apps for use on any and all of Anoto's large surfaces.

Many popular ISV applications were not designed to work at this large scale, and many were not designed to work with a digital pen. By pen-enabling their apps, ISVs will be able to both integrate with a new set of large format collaboration experiences and tap into a new growth segment within which they can sell their apps. The Live Services platform and collaboration apps strategy is designed to both establish a new stream of recurring software revenues and build a new ecosystem of ISV partners, which will in turn further stimulate demand for Anoto products and further bolster Anoto's defensible position in the Collaboration Solutions market.

Anoto will bring these new Anoto branded collaboration products to market beginning in Q2 of 2016, through strategic distribution channel relationships across North America and EMEA. These products are expected to begin contributing to quarterly revenue and gross margin growth in Q3 of 2016. However, although there is good revenue upside for these Anoto branded products, Anoto is not yet in a strong position to optimally scale this business from a volume, brand and channels perspective.

Therefore, Anoto will be initiating a multi-faceted product launch campaign beginning in Q1, designed to maximize media coverage of Anoto's excellent *multi-surface interactive collaboration* story. This will not only further establish Anoto as an innovator, but will also help create interest and build demand around the category. But once in market, Anoto will undertake a focused business development effort to recruit large global ODM/OEM partners to license Anoto collaboration technology and bring their own branded collaboration products to market. These partner branded collaboration products would likely begin entering the market in early 2017. This technology-licensing model is key to scaling the business and fully exploiting the market opportunity for this particular Anoto technology. It will also significantly help penetrate the market and build share much faster.

2. Personal Productivity Products

The Consumer Personal Productivity Products area is comprised of the Livescribe business. The Company completed its acquisition of Livescribe Inc., on December 1, 2015. Livescribe's sales from that date through December 31 have been included in the Q4 reported results. Since 2007, Livescribe has licensed Anoto's core technology in the design and manufacturing of its smartpens and markets the pens along with paper products and related accessories that target professionals, students and educators globally.

Livescribe has established channels across most key global consumer markets including the United States, Canada, the EU, Australia & New Zealand, Japan and China. The channels are set-up as a mix of direct-to-consumer (through the company's online store that currently only operates in the United States), single-tier and multi-tier distribution to both online retailers as well as traditional brick-and-mortar retailers. Livescribe's retail footprint covers over 2,000 storefronts and includes Best Buy, Amazon, Moleskine, Selfridges, Apple, Office Works, Staples, Softbank and others. Livescribe evaluates its business on revenues (i.e. sales to its channel and partners) but also tracks sell-through very closely as a key performance metric.

Livescribe has partnered with leading note-taking, cloud and collaboration solutions to ensure that the notes generated from Livescribe's solutions simply and easily integrate with these third-party applications and services. Partnerships with the likes of Evernote, Microsoft, Notesshelf, Moleskine and others allow Livescribe to deliver greater utility to its customer base.

Livescribe's business follows similar seasonal patterns to consumer products in general, and while December generally represents a larger than average month in terms of sell-through, the traditional Q4 revenues are recognized in November as channel partners stock up in advance of the holiday to ensure adequate inventory to fulfill sell-through.

In 2016 and beyond, the business area will contribute to overall Company growth in a number of ways:

- Continued development of the apps and applications that customers use in conjunction with their Livescribe pens.
- Launching of new products through Livescribe's established channels
- Geographic expansion and strengthening of secondary markets

3. Creative Solutions

Solutions for creative professionals represent a key strategic business area for Anoto. Creative professionals readily see value in the products that Anoto technology enable and are one of the key audience groups that have been actively using digital pen technology in their daily workflow. The Creative Solutions business area will be tied to sales of specialty offerings specifically built for creative professionals including the Blck Ink product and future products targeted to be available later in 2016. Creative professionals' purchases of other Anoto technologies such as Large Format Displays and we-inspire products will not be tracked separately and will instead be covered in the Collaboration Solutions business area.

Anoto's activities to-date in the Creative Solutions area have been limited but highly strategic, with the focus being on establishing proof-of-concept installations of the we-inspire systems and the Blck Ink offering. In the US, we-inspire systems are in use at leading movie studios and Blck Ink is being used by 10 of the top Hollywood studios. In 2016 and beyond, Anoto will continue to develop the creative professionals market with offerings that are tailored to the requirements needed to satisfy this demanding audience.

As part of the Company's efforts in the creative space, Anoto is also pursuing partnerships with relevant ISV's. Through its Live Services software platform, ISV's are able to optimize their applications to make the most of Anoto precision pen input across the variety of Anoto Enabled devices and surface. In addition to ISV partnerships, Anoto will be pursuing partnerships with relevant OEM partners that will increase the scope of Anoto Enabled devices and surfaces.

Distribution of the Creative Solutions will flow through the channels being established by other units within Anoto, most notably the Collaboration Solutions group and the Personal Productivity unit. Through its strategic location in Los Angeles, the Anoto Creative unit will continue its business development efforts.

Anoto's OEM partnership with HP and ongoing product development efforts are primarily targeting professional users of Creative Solutions.

4. Documents and Data Capture Solutions

A common denominator for businesses worldwide has been and continues to be Documents and Data Capture solutions. This includes paper documents and digital forms for data capture across a broad range of types, shapes and sizes. A core part of Anoto's mission has always been to facilitate and enhance the way people create, annotate and interact with documents by using Anoto digital pens and dot paper technology.

With a rapidly expanding base of small businesses worldwide, this mission is as relevant and vibrant today as it was a decade ago. Additionally, there has been a material resurgence in digital writing and drawing due to the recent introduction of new digital pen products by both Microsoft and Apple, which we believe will drive the market for Anoto Document and Data Capture products back into a new growth cycle. To capitalize on these dynamics, Anoto is evolving its Documents and Data Capture Solutions strategy to expand Anoto's products and solutions focus beyond the enterprise forms business and move **down market** to reach an entirely new and expanding segment of Small and Medium Business (SMB) users that can benefit greatly from simple but valuable document and data capture solutions.

Anoto has traditionally positioned its Live PDF product to mark-up PDF documents using an Anoto digital pen for personal and team use. Going forward, Anoto will be evolving the Live PDF products for individual use to go **up market** to better meet the needs of the SMB market. The SMB space is a very large market of diverse companies that form the backbone of the services economy and these businesses have one particularly compelling thing in common – they create a **lot** of paper documents. Going forward, Anoto's Documents and Data Capture solutions will begin to offer new functionality for this segment of users, and, importantly, deliver the functionality in a simplified manner. These new solutions will also employ as a new software subscription model designed to drive recurring revenue growth. This will help Anoto turn each digital pen into an on-going software revenue stream.

Anoto will be developing and market testing these new products in the first half of 2016, and will begin bringing them to market in Q3. A key go-to-market enabler for these products will be establishing effective channel structure that is optimized to reach these targeted Small Business users.

5. Education Solutions

Anoto's activities in the Education arena are covered by licensing relationships with partner companies that have developed products for classroom learning as well as at-home "edu-tainment". Most notably, Anoto's relationship with Leapfrog has seen millions of units of its Tag products utilizing Anoto technology to help early learners strengthen their reading and writing skills.

In Asia, through it's partnerships with Pen Generations in South Korea (and its own partnerships with Kyowon and SOLiDEdu) and T-Study in China, Anoto technologies are being implemented in classrooms. Anoto Enabled workbooks from leading educational publishers in both countries allow students' work to be automatically available to teachers at the front of the classroom.

In North America and EMEA, the Company's partnership with Polyvision, a Steelcase company, has seen Anoto Enabled interactive whiteboards being deployed into classrooms as well as corporate environments. In February 2016, Polyvision and Anoto announced an update to our partnership whereby Anoto will take on direct ownership of the sales and marketing of its interactive whiteboard kits to EMEA markets. Through Q1 and into Q2 2016, Anoto will be transitioning Polyvision partners and customers to be directly managed by Anoto as well as establishing new relationships.

Starting Q1 with effect from January 1st we will present revenues and activities per business area as outlined above.



Stein Revelsby
CEO, Anoto Group

ANOTO ENTERPRISE SOLUTIONS

Anoto Enterprise Solutions focuses on systems, products and services that target businesses, primarily in the field of forms processing, document management and signature capture. The offering is Pen Solutions which includes solutions for creating a form in digital format, digital processing of handwritten forms and automatic generation of a digital version of a document with handwritten signatures and notes. Anoto has an indirect business model and markets its products through partners, such as system integrators, software developers and IT consulting firms, all of which offer customized solutions with Anoto technology to their customers.

Sales within Enterprise Solutions were MSEK 17 in the fourth quarter, following 19 MSEK in the third quarter, and lower than expected due to the delay of the 37 MSEK order to a large financial services customer in Japan.

UK

The private and public health care sectors continue to be a strong market for Anoto in the UK. Despite the current Financial crisis surrounding the NHS we are continuing to find opportunities to build on our existing customer base in areas such as maternity services, residential home care and ambulance services. The financial services sector, in particular the insurance and investment areas are beginning to see the benefits of digital pen solutions. Leveraging our successes across Europe in Turkey and Germany we are starting to open opportunities in the UK and Ireland. We have begun to build excellent ISV partnerships enabling Anoto to extend its solution into our partners document and records management solutions.

India

It became increasingly evident that the Anoto technology - as part of a larger solution - has significant applicability in the Healthcare industry in India. Similar evidence started to present itself in the education sector. It also became clear that the volumes required to successfully solve business challenges in these sectors in India are substantially larger than anything Anoto has dealt with before, both in terms of hardware and software. We moved forward with delivering of appr. 3.000 pens for the leading provider of Exam Management solutions and putting in place all of the necessary support structures to ensure a successful "Go Live" in 2016. Partners Trata and Seshasayee successfully rolled out a "Multiple Choice Exam" solution for a leading university in India. In this solution, 400 pens were used in real time by candidates applying for admission to the PhD program. Results were collated and provided to the participants within 15 minutes of the last candidate handing in his answer sheet. The business result was a saving of nearly 6 hours in terms of turnaround time. Further, it freed up 5-6 professors who would otherwise have been fully engaged in grading these answer sheets for 6 hours.

USA/Canada

Two new US Anoto Live Forms partners were established both focusing on Field Services: Field Data Integrators and FieldCapture. The digital pen has been proven as a competitive device for the remote data capture in field inspection for Oil & Gas Pipeline, Tankers, Tanker Transportation and the inspection of related heavy equipment, often in remote and rugged environments. Both Partners have established clients and offer integration services into this vertical. We see the continued expansion of the digital pen for use in the Canadian healthcare market automating the existing workflow of prescriptions to pharmacies yet maintaining the requirement of wet ink signatures. This trend is moving from the Eastern Provinces to the Western provinces of Canada. Several Independent Software Vendors (ISVs) with established sales and marketing capabilities have been identified and engaged as prospective ALF partners in the US. Via ALF, they will expand their data capture capability within the Oil & Gas Industries, Environmental Testing, and Healthcare testing related to the Geriatric population of the US. We expect closed agreements in Q1 2016.

Latin America

SmartKapital Group (Colombia) purchased an additional 600 LivePen2 to supplement their initial deployment to the Bogota Police. Several new ALF partnership are in negotiation in Central and South America with solution providers focusing on Field Service data collection.

International partners

We have experienced growing traction from the Polish market where our partner IC Solutions received a strategic project from an international operating organization. Since the acquisition of XMS in Q3 2015, we have focused on signing up new partnership based on Anoto Live Forms (ALF), which is the most recognized data capture platform in combination with digital pens. The integration of XMS and its partner community runs according to plan.

Japan:

In August 2015 a large financial services company in Japan granted a contract to Anoto and its consortium partners for the roll-out of 29.000 Anoto Live Pen™ 2 Pro with digital writing software. Anoto's part of the contract is 37 MSEK and was planned for delivery in December of 2015 but due to delays in components delivery and testing the manufacturing schedule was changed till after Chinese New Year 2016. Expected delivery start is now 3rd week of February.

The customer's sales force will use Anoto digital pen and paper as an integral part of their new insurance policy sales process. The Anoto digital pens, which will be used to fill in medical and personal information as well as the personal signature, are equipped with a camera for recording personal identification of customers for regulatory compliance. By using this solution, the customer will improve internal process handling by eliminating scanning and re-keying of contracts and will minimize paper consumption.

Anoto Enterprise Solutions

MSEK	2015		2014	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	17		27	85
Gross profit	10		19	58

TECHNOLOGY LICENSING (OEM SALES)

Customers within Technology Licensing develop and sell products based on our intellectual property, software, and digital pen products. For many years, Anoto has licensed its technologies to providers of interactive classroom solutions as well as learning aids for children. Productivity tools, such as for note-taking and meeting productivity, are also long-established products in our Technology Licensing segment. Recently, Anoto has established two new application areas through partners: voting solutions and digital design automation. Voting solutions are based on our traditional digital paper technology, while digital design automation solutions help animators and designers unleash the creative power of digital writing with interactive touch displays.

Net sales during the quarter were MSEK 35, which is MSEK 20 above the same period last year.

Large Format Displays

After careful consideration of what we consider is a significant growth opportunity we have decided to change strategy and step up our efforts within Large Format Displays and to launch a series of Anoto branded products. The first product Anoto Live™ 55" UHD 4K Collaboration Display combines the best of projected capacitive touch with high-precision digital pen input to create the ultimate interactive collaboration experience. The product will be launched at ISE 2016 on February 9th and expected commercial availability is mid-April. Based upon preliminary discussions with potential partners we also see a large opportunity for OEM business within this business area. Pilot tests and discussions with prospective channel partners confirms our strategy of a modular design that is UC and application agnostic.

Education

We delivered 50,000 pens to customers within education in Korea in Q4. After end of the quarter we have pursued negotiations with Anoto's joint venture partners to acquire the remaining 85% of Pen Generations in line with the original intention when Pen Generations was established in 2011. The acquisition will result in improved profit margins as well as alignment and synergies in product development and better control of value chain and customer relations.

Livescribe (see comments on Page 6)

The acquisition of Livescribe was completed on December 1. The acquisition was another step in consolidating the Anoto ecosystem and to realize synergies in hardware and software development, supply chain and operations, as well as to give Anoto access to additional market channels for online sales and retail distribution. Livescribe financials and revenues of 13 MSEK was included in Q4 from December 1st.

We-Inspire

EMEA/ASIA

We-inspire expanded its channel in Germany and United Arab Emirates. Procter and Gamble expanded their We-Inspire installations to three locations, with the XQ plant in Tianjin, China as their latest addition, to previous Euskirchen, Germany and Cincinnati, US. The latest installation is a 4-projector installation used for Project and Design review using the write, sketch, brainstorm and capture applications. Asia and Middle East are expanding regions in terms of investments in productivity technology tools and the We-Inspire collaboration /ideation room concept is a very appealing concept.

Anoto launched in EMEA a joint collaboration with Polyvision, where Anoto will be providing the key components for Whiteboard Fabricators to build and market Interactive Whiteboards to the education segment. Anoto has received its first order and will expand to more countries within EMEA in the coming months.

US

In the US We-Inspire continued to build momentum with several marquee customers. AVI-SPL the largest US audio video systems integrator, has purchased two additional three projector solutions for a leading Boston based financial investments client. Two additional quotations were submitted for the client's innovation centers in Dublin and Galway. The US purchase orders have been issued and shipped in Q4, the Ireland orders are expected in February 2016.

We see continued expansion into higher education with additional sales to the California State School system. A three projector solution was sold CSU Monterey Bay in addition to prior multiple sales to California State University, Long Beach.

Hewlett Packard has expanded their purchase to a total of 5 systems with the recent purchases of three projector solutions for their Corvallis, Oregon and second system for their Houston, Texas location.

Gillette Boston purchased a two projector solution.

We-Inspire attended three trade shows this quarter with two focused on higher education, CCUME and Educause 2015 where We-Inspire was one of 10 companies chosen to participate in the Start Up Alley Under the Radar Pitch Competition to a panel of higher education decision makers and streamed live to Universities across the US.

TL

MSEK	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	35	15	88	39
Gross profit	11	9	26	26

C Technologies

The C Technologies business has been phased out over the last 12 months and The Company sold the net assets in Q3. The last deliveries associated with sales by the Company occurred in Q4. Net sales during the period were MSEK 7 which is MSEK 3 lower than the same period last year.

C Tech

MSEK	2015		2014	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	3	4	7	10
Gross profit	0	2	1	4

ANOTO GROUP AB

As a pure holding company, Anoto Group AB has a limited number of corporate functions.

ACCOUNTING POLICIES

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting and applicable parts of the Swedish Annual Accounts Act chapter 9. For information about the accounting policies applied, refer to the 2014 annual report. The accounting policies are unchanged from those applied in 2014.

RISK FACTORS AND UNCERTAINTIES

At the close of the quarter, the group's total cash amounted to MSEK 12.

The Board has decided to call for an extraordinary general meeting to decide upon the acquisitions of 49% of Destiny Wireless Ltd, 75% of w'inspire GmbH and 85% of Pen Generations Inc. for a total consideration in shares of approximately MSEK 80 (a total dilution of 8% at today's share-price), calculated at the average share price two weeks prior to the issuance of the consideration shares. In addition, the Board is proposing to the extraordinary general meeting to approve an authorization to issue securities representing a maximum dilution of 10%. The Board has decided to use the remaining part of the authorization from the AGM 2015 (13 million shares) and it may be necessary for the Board to use a part of the new authorization during 2016 to strengthen the Company's working capital to handle the ongoing expansion of the business and the expected growth in the coming quarters. Based upon this the Board believes that the financial statements shall be prepared applying the going concern principle.

No significant additional risks are deemed to have arisen beyond those described in the prospectus dated December 2nd 2015.

RELATED PARTY TRANSACTIONS

One of the largest shareholders of Anoto, Aurora Investment Ltd (owned by TStone), has been represented on the board of directors since the Annual Meeting in May 2010. Transactions with companies within the TStone group amounts to MSEK 60 during 2015. All transactions have been made on normal commercial conditions.

Antonio Mugica, representing the second largest shareholder (Goldeigen Kapital), is also the CEO of Anotos partner Smartmatic, has been a member of the Board since the AGM 2014. Transactions with companies Smartmatic amounts to MSEK 5 during 2015. All transactions have been made on normal commercial conditions.

TRANSACTIONS AND ACTIVITIES AFTER DECEMBER 31, 2015

NA

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 amounts to 1,053,193,827.

The private placement of 56,500,000 and 101,500,000 shares in November, placed through book building processes, were completed at a price of 1.31 SEK and 1.13 SEK respectively. The total capital injection amounted to 189.5 MSEK before expenses.

OPTION PROGRAM

4.6 million share-options have been granted to 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.

The Company's Board of Directors has granted a 2.3 million share-options grant to CFO Karl Wiersholm under the Anoto Incentive Scheme 2014/17 at a subscription price of 0.61 SEK. The share-options will mature during 2017.

The Company's Board of Directors has granted 4.1 million share-options grant to the Company's expanded management team, other than Stein Revelsby and Karl Wiersholm, under the Anoto Employee Incentive Programme 2015 at a subscription price of 0.90 SEK. The share-options will mature during 2018.

The Company's Board of Directors generated a bonus program for all employees other than Stein Revelsby, Karl Wiersholm and those that are part of the expanded management team. The bonus program is tied 4.1 million share-options grant and the increase in value of the said 4.1 million shares in the Company as of the valuation date in 2018. Employees that were employed by the Company on October 1, 2015 and that remain employed by the Company as of the valuation date in 2018 are eligible to participate in the bonus program. The total bonus available to employees, if any, will be equal to the total value of the said 4.1 million shares as of the valuation date less 0.90 SEK per share. Each of the participating employees will receive a pro-rata share of the total available bonus.

The Company's Board of Directors has granted a 9.0 million share-options grant to CEO Stein Revelsby at a subscription price of 1.43 SEK. The share-options will mature during 2018.

The Company's Board of Directors has granted 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.

LEGAL ACTIVITIES

The Company has filed patent infringement suits in Japan against NeoLAB Corporation ("NeoLAB), a subsidiary of NeoLAB Convergence, and Uchida Yoko Co. Ltd. Anoto is 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, are 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 is ongoing.

Stein Revelsby
CEO

Anoto Group AB may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 07.20 on February 8, 2016.

A webcast of the Q4 report will be available from 9.00pm on February 8, and a Q&A session via audiocast will be held at 11.00am the same day. For more information, see anoto.com/investors.

CALENDAR 2016

Annual report	26 april
Q1 report	13 maj
AGM	19 maj

FOR MORE INFORMATION

Please contact:

Stein Revelsby, CEO
Phone: +46 (0)733 45 12 05
Email: stein.revelsby@anoto.com

Anoto Group AB (publ.), Corp. Id. No. 556532-3929
Mobilvägen 10,
SE-223 62 Lund
Phone: +46 46 540 12 00
www.anoto.com

FINANCIAL REPORTS

Condensed statement of comprehensive income

TSEK	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	54,806	46,004	192,839	141,465
Cost of goods and services sold	-33,051	-15,730	-107,283	-47,196
Gross profit	21,755	30,274	85,556	94,269
Sales, administrative and R&D costs	-61,132	-39,372	-184,136	-160,845
Other operating income/cost	-1,846	4,743	-7,669	10,327
Operating profit/loss	-41,223	-4,355	-106,249	-56,249
Other financial items	-496	-2,797	-3,710	-7,241
Profit before taxes	-41,719	-7,152	-109,959	-63,490
Taxes	1,383	666	1,604	639
Profit/loss for the period	-40,336	-6,486	-108,355	-62,851
Other comprehensive income				
Translation differences for the period	-8,665	-3,322	-8,159	-8,841
Other comprehensive income for the period	-8,665	-3,322	-8,159	-8,841
Total comprehensive income for the period	-49,001	-9,808	-116,514	-71,692
Total Profit/loss for the period attributable to:				
Shareholders of Anoto Group AB	-38,492	-5,965	-104,029	-62,038
Non controlling interest	-1,844	-521	-4,326	-813
Total Profit/loss for the period	-40,336	-6,486	-108,355	-62,851
Total comprehensive income for the period attributable to:				
Shareholders of Anoto Group AB	-47,641	-8,767	-109,800	-69,337
Non controlling interest	-1,360	-1,041	-6,714	-2,355
Total comprehensive income for the period	-49,001	-9,808	-116,514	-71,692
Key ratios:				
Gross margin	39.7%	65.8%	44.4%	66.6%
Operating margin	Neg	Neg	Neg	Neg
Earnings per share before and after dilution	-0.04	-0.01	-0.13	-0.13
Average number of shares before and after dilution	986,110,494	559,293,002	857,155,605	473,688,069

Consolidated balance sheet in summary

TSEK	12/31/2015	12/31/2014
Intangible fixed assets *	263,065	78,972
Tangible assets	5,944	2,046
Financial fixed assets	7,280	4,482
Total fixed assets	276,289	85,500
Inventories	44,589	20,553
Accounts receivable	65,443	36,979
Other current assets	51,378	19,916
Total short-term receivables	116,821	56,895
Liquid assets, including current investments	11,629	3,909
Total current assets	173,039	81,357
Total assets	449,328	166,857
Equity attributable to shareholders of Anoto Group AB *	277,926	78,242
Non controlling interest *	-9,730	-16,198
Total equity	268,196	62,044
Other long term liabilities	23,544	2,124
Total long-term liabilities	23,544	2,124
Provisions *	12,150	497
Loans	0	35,875
Other current liabilities	145,438	66,317
Total current liabilities	157,588	102,689
Total liabilities and shareholders equity	449,328	166,857

* Effect on balance sheet from acquisitions, see Note 1 & Note 2

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 2014	7,797	884	578,661	7,480	-512,165	82,657	-16,770	65,887
Profit/loss for the year					-62,038	-62,038	-813	-62,851
Other comprehensive income				-7,299		-7,299	-1,542	-8,841
Total comprehensive income	0	0	0	-7,299	-62,038	-69,337	-2,355	-71,692
Convertible bonds					542	542		542
Acquisition				-2,927		-2,927	2,927	0
Share issue 1401	884	-884				0		0
Private placement 1403	386		15,023			15,409		15,409
Share issue 2014	4,900		47,009			51,909		51,909
Share issue 2013 - adj			-11			-11		-11
New share issue	6,170	-884	62,021	0	0	67,307	0	67,307
Closing balance 31 December 2014	13,967	0	640,682	-2,746	-573,661	78,242	-16,198	62,044
None controlling interest arising from business combination							2,752	2,752
Profit/loss for the year					-104,029	-104,029	-4,326	-108,355
Other comprehensive income				-5,771		-5,771	-2,388	-8,159
Total comprehensive income	0	0	0	-5,771	-104,029	-109,800	-6,714	-116,514
Convertible bonds - conversion	983		16,396			17,379		17,379
Private placement 27 march	1,593		31,800			33,392		33,392
Private placement 15 june	400		14,229			14,629		14,629
Private placement 24 july	600		38,491			39,091		39,091
Acquisition of XMS - 8 august	361		25,077			25,438	157	25,595
Private placement 10 & 30 nov	3,160		175,584			178,744		178,744
Debt Conversion etc. - non controlling interest					0	11,085	11,085	11,085
Ongoing Acquisition of XMS	12		800			812	-812	0
Closing balance 31 December 2015	21,076	0	943,058	-8,517	-677,690	277,927	-9,730	268,196

Consolidated Cash flow statement in summary

TSEK	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/loss after financial items	-41,719	-7,152	-109,959	-63,490
Depreciation, amortisation	1,833	589	7,330	7,283
Other items not included in cash flow	-7,749	186	1,922	961
Items not included in cash flow	-5,916	775	9,252	8,244
Cash flow from operating activities				
before changes in working capital	-47,635	-6,377	-100,707	-55,246
Change in operating receivables	-28,897	-23,825	-59,927	-9,086
Change in inventory	-27,673	1,896	-24,036	7,432
Change in operating liabilities	57,317	-17,994	99,192	-35,242
Cash flow from operating activities	-46,888	-46,300	-85,478	-92,142
Intangible assets	-136,718		-186,762	-5,054
Fixed assets	-3,777	-6,324	-8,605	-904
Cash flow from net capital expenditures	-140,495	-6,324	-195,367	-5,958
Total cash flow before financing activities	-187,383	-52,624	-280,845	-98,100
New share issue	179,556	51,909	292,106	76,515
Change in financial liabilities	12,557	2,741	-3,541	18,486
Cash flow from financing activities	192,113	54,650	288,565	95,001
Cash flow for the period	4,730	2,026	7,720	-3,099
Liquid assets at the beginning of the period	6,899	1,883	3,909	7,008
Liquid assets at the end of the period	11,629	3,909	11,629	3,909

Key ratios

TSEK	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow for the period	4,730	2,026	7,720	-3,099
Cashflow / share before and after dilution (SEK) ¹	0.00	0.00	0.01	-0.01
			12/31/2015	12/31/2014
Equity/assets ratio			61.9%	46.9%
Number of shares			1,053,193,827	698,353,534
Shareholders equity per share (kr)			0.26	0.11

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

TSEK	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	1,187	3,681	7,014	9,556
Gross profit	1,187	3,681	7,014	9,556
Administrative costs	-1,103	-2,281	-5,748	-6,843
Operating profit	84	1,400	1,266	2,713
Profit/loss from shares in Group companies	-90,000	-37,000	-90,000	-37,000
Financial items	-77	-1,065	-819	-2,034
Profit for the period	-89,993	-36,665	-89,553	-36,321

Parent company, balance sheet in summary

TSEK	12/31/2015	12/31/2014
Intangible fixed assets	77	149
Financial fixed assets	268,073	114,385
Total fixed assets	268,150	114,534
Other short-term receivables	211,579	71,996
Liquid assets, including current investments	613	120
Total current assets	212,192	72,116
Total assets	480,342	186,650
Equity	383,450	162,828
Inter Company Loans	90,000	0
Loans	0	17,700
Other current liabilities	6,892	6,122
Total liabilities and shareholders equity	480,342	186,650

Note 1 - Acquisitions 2015

XMS Penvision AB

On August 1, 2015 the Group acquired 90.24% of the shares in the Sweden based unlisted company XMS Penvision AB for MSEK 25.4. XMS Penvision AB which is active within Anoto Enterprise Solutions has been a long standing Anoto partner. Anoto has consolidated the acquired entity as from August 1, 2015.

Through this acquisition Anoto enhances its software product portfolio.

Effects from acquisitions

The acquired company's net assets at the time of acquisition:

(KSEK)	
Intangible assets	15,000
Inventory	39
Current assets	1,233
Liquid assets	1,093
Deferred Tax Liabilities	-3,300
Current liabilities	-4,159
Net identifiable assets and liabilities	9,906
Non-controlling interest	-1,940
Group goodwill	18,294
Consideration	26,260

Goodwill

The goodwill value includes additional sales resources and enhances its software product portfolio.

No part of the goodwill is expected to be tax deductible.

Acquisition related expenses

Expenses related to the acquisition amounts to 10 KSEK and includes legal fees in relation to the transaction.

These expenses have been accounted as operating expenses in the Condensed statement of comprehensive income.

Consideration

(KSEK)	
Issued shares	26,260
Total consideration	26,260

Fair value of the 18,048,338 shares issued as part of the total consideration paid for the shares in XMS Penvision AB is based on the price for the Anoto share on the day of the transaction.

From August 1, 2015 to December 31, 2015, XMS had revenues of 4.5 MSEK and a net loss of 1.1 MSEK.

For the period from January 1, 2015 to September 30, 2015, XMS had revenues of 7.8 MSEK and a net loss of 1.8 MSEK.

Note 2 - Acquisitions 2015

LiveScribe, Inc.

On December 1, 2015 the Group acquired 100% of the shares in the US based unlisted company LiveScribe, Inc. for USD 15M. LiveScribe, Inc. which is active within Anoto Enterprise Solutions has been a long standing Anoto partner.

Anoto has consolidated the acquired entity as from December 1, 2015. USD 1 = 8.7 SEK

Through this acquisition Anoto enhances its software product portfolio.

Effects from acquisitions

The acquired company's net assets at the time of acquisition:

(MSEK)	
Intangible assets	21,021
Fixed Assets	2,171
Inventory	25,521
Accounts Receivable	25,101
Current assets	6,719
Deferred Tax Liabilities	-8,374
Current liabilities	-44,181
Net identifiable assets and liabilities	27,979
Group goodwill	102,521
Consideration	130,500

Goodwill

The goodwill value includes additional sales resources and enhances its software product portfolio.

No part of the goodwill is expected to be tax deductible.

Acquisition related expenses

Expenses related to the acquisition amounts to 3 MSEK and includes legal fees in relation to the transaction.

These expenses have been accounted as operating expenses in the Condensed statement of comprehensive income.

Consideration

(MSEK)	
Cash Payment	130,500
Total consideration	130,500

From December 1, 2015 to December 31, 2015, LiveScribe had revenues of 13 MSEK and a net loss of 1.1 MSEK.

For the period from January 1, 2015 to November 30, 2015, LiveScribe had revenues of 112 MSEK and a net loss of 87 MSEK.

Note 3 Goodwill

The impairment test has been updated based on Group result and cash flow as per 31 December. The expected sales used in the test for the years to come are based on volumes which have been discussed with customers and partners. Furthermore, while the company expects to see substantial sales growth in the next few years, for purposes of the Goodwill Impairment testing the estimated sales growth for the years 2016-2020 was limited to 10% p.a. and thereafter a perpetual growth of 2% p.a. Operating expenses are based on next year's budget with an annual increase of 3.5%. The WACC has been raised to 15% in order to better reflect the increased liquidity risk. The test shows a recoverable amount which was higher than the bookvalue and no goodwill impairment was recognized.