

ANOTO

QUARTERLY REPORT

Q1 / 2013

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Anoto Group AB is a global leader in digital writing solutions, which enables fast and reliable transmission of handwriting into a digital format. Anoto operates worldwide through a global partner network that delivers user-friendly digital writing solutions for efficient capture, transmission, distribution and storage of data. Anoto is currently in use across multiple business segments, e.g. healthcare, banking and finance, transportation and logistics and education. The Anoto Group has around 110 employees and is headquartered in Lund (Sweden). The company also has offices in Guildford and Wetherby (UK), Amsterdam (NL), Boston (US) and Tokyo (Japan). The Anoto share is traded on the Small Cap list of NASDAQ OMX Stockholm under the ticker ANOT.

This report was published May 3, 2013 at 08.30 CET

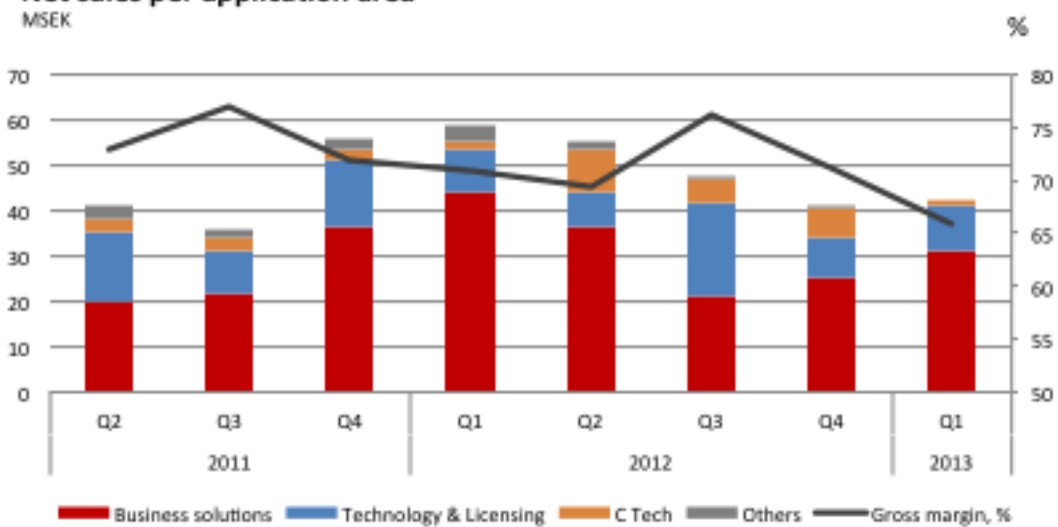
For more information: www.anoto.com

2013 Q1 REPORT

- Net sales in the period amounted to MSEK 43 (57).
- The gross margin for the period was 66% (73) and gross profit for the first quarter was 28 (41).
- Earnings before depreciations and amortizations (EBITDA) for the period was MSEK -17 (2).
- The result after tax for the period was MSEK -21 (-3).
- Earnings per share before and after dilution for the period was SEK -0,15 (-0,02).
- The cash flow during the period was MSEK 8 (-1) Cash flow from operating activities before change in working capital was MSEK -17 (1). An additional MSEK 11 from the rights issue was received after the end of the quarter.

Key Ratios	2012	2012	2012
	Jan-Mar	Jan-Mar	Jan-Dec
Net Sales, MSEK	43	57	199
Gross Profit/loss	28	41	144
Gross Margin, %	66	73	72
Operating Profit/loss, MSEK	-20	-2	-42
Profit/loss after tax, MSEK	-21	-3	-45
Earnings per share			
before and after dilution, SEK	-0,15	-0,02	-0,33
Cash flow, MSEK	8	-1	-18
Cash at end of period, MSEK	13	23	5

Net sales per application area



COMMENTS FROM THE CEO

Focus on sales

In the first quarter we increased focus on sales. After the launch of LIVE Forms in March we now have a portfolio of software products, LIVE PDF, to replace scanning and add value to document workflow, and LIVE Forms for data capture and advanced forms processing. We are commercializing digital writing on screens with Panasonic and work with our joint venture partner PenGenerations in Korea to expand digital writing with selected additional screen manufacturers. Our partner TStudy is expanding its business in China rapidly within education but also sees a number of opportunities for business solutions. We received the first order of 20,000 pens for delivery to China in Q2. Our new sales team in Amsterdam commenced operations in Q1 and is actively working to establish larger partners in the BeNeLux region. The development together with a global partner of applications for voting progresses according to plan.

Revenues in Q1 were 43 MSEK up from 41 MSEK in Q4 2012. Cash flow in the first quarter was MSEK 8 including partial proceeds from the rights offering. We received the remaining last MSEK 11 from the rights offering after the end of the quarter. The rights offering resulted in net proceeds of MSEK 39 after deduction for share issue costs. Our working capital was high at the end of the quarter, partly due to a large number of pens in stock. Our main product in business solutions, the ADP201 is being replaced at the end of this year by a new product. We therefore took a decision to produce the last batches of pens in March and April to prepare for the new production line.

Business in the UK improved from Q4 and we closed a total of 19 deals with NHS Trusts in the quarter. We received another large contract from partner Kayentis in France to be delivered to customers within insurance. Except for non-refundable engineering no significant revenues were booked in the quarter within business areas education, voting or screens, however we expect higher revenues from these areas from Q2 onwards.

In Germany Anoto partner Digipen Technologies GmbH installed 250 pens at the Savings Bank of Kaiserslautern to be used to capture digital signatures for legally binding financial documents. This follows a recent verdict from the Munich Court of Appeals that pure electronic signatures are not sufficient to make agreements binding on consumers. The court decision means that for any consumer contracts, a physical signature is required as opposed to a pure digital signature written on a tablet or touchpad device. This verdict could have a significant positive impact on our business within banking, finance and insurance. In Germany alone there are 426 Savings Banks with 15,441 local offices.

OUTLOOK

After the end of the quarter we have acquired DevelopIQ in the UK. The acquisition further strengthens our position in the UK and the healthcare sector and allows for synergies and optimization between our subsidiaries in the UK. We see larger opportunities within business solutions. Global companies like Allianz, Anadarko as well as German banks are starting to use our products and we get more awareness in healthcare. We will gradually reduce the inventory, which will have a positive impact on cash flow. Following a period of repositioning and product development we will in the next quarters reduce costs related to product development and increase focus on sales. Revenues are still not sufficient to cover operating expenses but we expect a gradual improvement throughout the year.



Stein Revelsby
CEO
Anoto Group

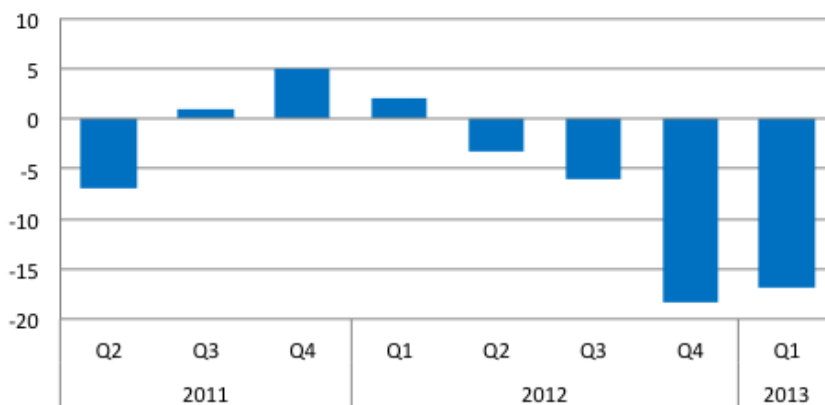
A PARTNER DRIVEN BUSINESS MODEL

Anoto's business is organized in three business areas: Business Solutions, Technology Licensing (education, note taking, voting, screens) and C Technologies. These three areas generate income in five different categories - licensing, royalty, digital pens, components, NRE (Non Refundable Engineering) and other.

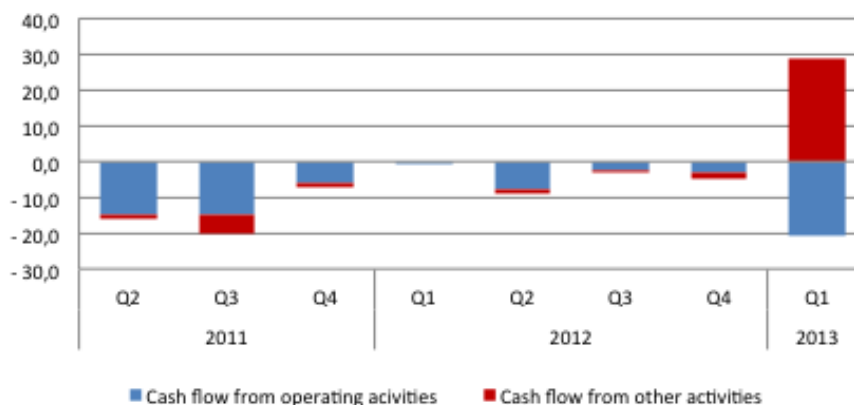
MSEK	2013	2012	2012
	Jan-Mar	Jan-Mar	Jan-Dec
Licenses	12	16	46
Royalty	5	5	21
Digital pens*	21	31	108
NRE	4	3	5
Other	1	2	19
Total	43	57	199

* Digital pens include the C-Pen

EBITDA 2011-2013 (MSEK)



Cash flow 2011-2013 (MSEK)



BUSINESS SOLUTIONS

Business Solutions focuses on systems, products and services that target businesses, primarily in the field of forms processing and data 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.

Net sales during the period were MSEK 13 below the first quarter previous year, a period in which we delivered 10,000 pens to a Japanese insurance company.

Business Solutions had an overall good first quarter, largely in line with our expectations.

The effects from UK government funding announced last year are now starting to materialize and across the United Kingdom we signed agreements with 19 new NHS customers during the first quarter. The contracts signed were largely targeting midwifery, accident & emergency and ambulance services.

In France we received a sizable order from our partner Kayentis planned for delivery to their larger customers, mainly active within the insurance sector.

Our partner XMS secured a second contract for Turkish municipalities using the digital pens for food inspections which was delivered in the first quarter.

From Diagramm Hallbach we received an order for 1,100 pens for use within the pharma-/clinical trials industry.

In the US Adapx received an initial contract of 1,000 pens to be used for inspection reports within Anadarko, one of the leading companies in the oil & gas industry.

In February we opened a new office in Amsterdam in order to develop Anoto's business in the BeNeLux-region. The team is now actively working to establish new sales channels in the region.

During March Anoto launched it's own software platform Anoto Live forms which is the result of the acquisition of Ubisys in 2012. Anoto Live forms will be available in selected markets and industries for Anoto direct sales and it's partners.

MSEK	2013	2012	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	31	44	126
Gross profit	20	31	89

TECHNOLOGY LICENSING (OEM SALES)

Customers within Technology Licensing develop and sell products based on technology and digital pens provided by Anoto. The main offering is Interactive solutions in the education segment. Interactive solutions create a learning environment that is more oriented towards the individual and where the traditional classroom model is replaced by a more student-centric and interactive approach to teaching. Other end user products are learning toys, visual communication equipment and personal productivity solutions. End product customers are individual consumers as well as enterprises. Since 2012 Anoto has established two new application areas together with partners; voting solutions and digital writing solutions for screens.

Net sales during the period was MSEK 10, which is in line with the same period last year.

During the first quarter we continued the development of pens for the 4K-tablet together with Panasonic targeting commercial launch later this year. The revenue stream from this development work is reported as Non Refundable Engineering. At the same time we work with joint venture partner Pen Generations in Korea to expand digital writing on screens with other screen manufacturers.

The development of products and solutions for use within voting, census and people registration proceeds according to plan and our partner aim to launch the first product for this market towards the end of this year.

TStudy has made significant progress in China and will start to deliver products for education during Q2. So far Anoto has received orders for 20,000 pens to be delivered in the coming quarter. TStudy now has an office established in Beijing and got significant media exposure in the first quarter.

MSEK	2013	2012	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	10	10	47
Gross profit	8	9	42

C TECHNOLOGIES

C Technologies develops, manufactures and sells C-Pen®, a handheld scanner solution with character recognition software. The C-Pen captures printed information such as text, numbers and codes, decodes the information and transfers it to computers and smartphones. The products are made available through the C-Pen brand and as OEM-branded versions.

Net sales during the period was MSEK 2, the same as in the first quarter previous year.

The work to strengthen the product offer and the sales channels is continuously ongoing. Within product development, marketing and sales, resources are focused towards dyslectics, students in general and schools, where the products are used for simplify reading and enhance understanding and learning. A new distribution channel focusing university students was established in Canada.

Within the OEM business our efforts are primarily focused on further development of business with existing partners and to gradually grow into new markets through new partners. C Tech received a new order worth MSEK 2.2 during the quarter. The order is planned for delivery during the second and third quarter.

MSEK	2013	2012	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	2	2	23
Gross profit	1	1	11

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 2012 annual report. The accounting policies are unchanged from those applied in 2012.

RISK FACTORS AND UNCERTAINTIES

At the close of the quarter, the group's total cash amounted to MSEK 13, which is an increase by MSEK 8 compared to year-end of 2012.

The rights issue resulted in 25,7 mln new shares being issued and the net proceeds amounts to MSEK 39 after transaction expenses. The last MSEK 11 was received after the end of the quarter.

Anoto has initiated activities in order to utilize synergies from the acquisitions of our UK partners as well as further internal activities targeting a reduced cost base.

We are currently in the process of transferring manufacturing to a new contract manufacturer in China. Due to the transfer we decided to complete end of life production of ADP201. By mid April we will have a high number of products in inventory. The end of life production has so far had a negative impact on our cash flow, which will improve when we start selling these products.

With the funds received from the rights issue combined with cost reducing activities and reduction of inventory we will be in a position where liquidity is sufficient to support the business during the rest of the year. Hence no material uncertainty regarding going concern exists.

No significant additional risks are deemed to have arisen beyond those described in the 2012 annual report for the Anoto Group. (Please see Note 4 in the Annual report 2012 for a detailed presentation of the company's risk exposure and management.)

RELATED PARTY TRANSACTIONS

The largest shareholder of Anoto, Aurora Investment Ltd (owned by TStone), has been represented in the board of directors since the Annual Meeting in May 2010. Transactions with companies within the TStone group amounts to MSEK 0,6 during 2013. All transactions have been made on normal commercial conditions and at the end of the quarter there are no overdue receivables on entities within the TStone group.

TRANSACTIONS AND ACTIVITIES AFTER MARCH 31, 2013

The most important events after the end of the quarter have been:

On May 2 Anoto communicated the acquisition of Develop IQ (Shanwell Holding Ltd), a long standing partner with a good track record in the UK. Amongst many successful projects Develop IQ was involved in the large digital pen and paper installation for the Northern Ireland Police force.

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 is 137,037,081. The shares from the share issue were registered on the April 3 and April 8. Including the newly registered shares the total number of shares will be 162,777,018.

OPTION PROGRAM

The AGM decided on May 10, 2012 on a warrant program. The warrants have not yet been transferred to employees.

Stein Revelsby
CEO

This report has not been reviewed by the company auditors.

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 08.30 on May 3, 2013.

A webcast of the Q4 report will be available from 09.00 on May 3 and a Q&A session via audiocast will be held at 11.00 the same day. For more information, see www2.anoto.com/investors.

CALENDAR 2013/2014

AGM 2013	May 15, 2013
Q2 report	Aug 16, 2013
Q3 report	Nov 5, 2013
Q4 report	Feb, 2014

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FINANCIAL REPORT

	Note	2013	2012	2012
TSEK		Jan-Mar	Jan-Mar	Jan-Dec
Net Sales		42 628	56 979	198 646
Cost of goods and services sold		-14 526	-15 554	-55 083
Gross profit		28 102	41 425	143 563
Sales, administrative and R&D costs		-50 799	-42 109	-188 050
Other operating income/cost		2 269	-1 246	2 335
Operating profit/loss		-20 428	-2 130	-42 152
Writedown of shares		-	-166	-211
Other financial items		-613	-621	-2 451
Profit before taxes		-21 041	-2 917	-44 814
Taxes		-	-	-15
Profit/loss for the period		-21 041	-2 917	-44 829
Other comprehensive income				
Translation differences for the period		3 226	1 804	2 811
Other comprehensive income for the period		3 226	1 804	2 811
Total comprehensive income for the period		-17 815	-1 113	-42 018
Total Profit/loss for the period attributable to:				
Shareholders of Anoto Group AB		-21 220	-3 541	-42 235
Noncontrolling interest		179	624	-2 594
Total Profit/loss for the period		-21 041	-2 917	-44 829
Total comprehensive income for the period attributable to:				
Shareholders of Anoto Group AB		-18 941	-2 512	-40 204
Noncontrolling interest		1 126	1 399	-1 814
Total comprehensive income for the period		-17 815	-1 113	-42 018
Key ratios:				
Gross margin		65,9%	72,7%	72,3%
Operating margin		Neg	Neg	Neg
Earnings per share before and after dilution		-0,15	-0,02	-0,33
Average number of shares before and after dilution		137 037 081	135 916 910	137 037 081

Consolidated balance sheet in summary

TSEK	2013-03-31	2012-12-31
Subscribed but not paid capital	11034	-
Intangible fixed assets	125517	128389
Tangible assets	3879	4293
Financial fixed assets	5216	3782
Total fixed assets	134812	136664
Inventories	25314	30316
Accounts receivable	35105	24037
Other current assets	16216	19331
Total short-term receivables	51521	43668
Liquid assets, including current investments	13346	5259
Total current assets	90181	80043
Total assets	236027	216707
Equity attributable to shareholders of Anoto Group AB	150917	130686
Non-controlling interest	-13762	-14383
Total equity	137155	115303
Loans	16945	18235
Total long-term liabilities	16945	18235
Provisions	399	152
Other current liabilities*	81528	82517
Total current liabilities	81927	82669
Total liabilities and shareholders equity	236027	216707

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 2012	2506		453548	433	-303599	152988	-13074	139914
Profit/loss for the year					-42235	-42235	-2594	-44829
Other comprehensive income				2031		2031	780	2311
Total comprehensive income				2031	-42235	-40204	-1314	-42018
New share issue	135		17772			17907		17907
Closing balance 31 December 2012	2741		471320	2364	-345934	130591	-14388	115303
Profit/loss for the year					-21220	-21220	179	-21041
Other comprehensive income				2279		2279	947	3226
Total comprehensive income				2279	-21220	-18941	126	-17815
Ongoing share issue		515	3852			39167		39167
Closing balance 31 March 2013	2741	515	510072	4743	-367154	150917	-13762	137155

Consolidated Cash flow statement in summary

TSEK	2013	2012	2012
	Jan-Mar	Jan-Mar	Jan-Dec
Profit/loss after financial items	-21041	-2917	-44814
Depreciation, amortisation and write-downs	3588	3998	16463
Other items not included in cash flow	247	-171	-88
Total items not included in cash flow	3835	3827	16375
Cash flow from operating activities			
before change in working capital	-17206	910	-28339
Change in working capital	-3826	-1738	17996
Cash flow from operating activities	-21032	-828	-10443
Cash flow from investments activities	-2464	-396	-10579
Total cash flow before financing activities	-23496	-1224	-21022
Cash flow from financing activities	31383	0	2540
Cash flow for the period	7887	-1224	-18482
Liquid assets at the beginning of the period	5259	23941	23941
Liquid assets at the end of the period	1346	22717	5259

Key ratios

TSEK	2013	2012	2012
	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow for the period	7887	-1224	-18482
Cash flow / share before and after dilution (SEK) ¹	0,06	-0,01	-0,13
		2013-03-31	2012-12-31
Equity/assets ratio		63,9%	60,3%
Number of shares		37037081	37037081
Shareholders' equity per share (kr)		1,10	0,95

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 shares are included in the calculation.

Parent Company, Summary of Income Statement

TSEK	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Net Sales	697	1 228	6 561
Gross Profit	697	1 228	6 561
Administrative Costs	-583	-1 115	-6 223
Operating Profit	114	113	338
Profit/loss from shares in Group companies	-	-	-29 500
Financial Items	-51	-	-
Profit for the period	63	113	-29 162

Parent Company, Balance Sheet Summary

TSEK	2013-03-31	2012-12-31
Subscribed and paid capital	11 034	-
Intangible fixed assets	247	258
Tangible assets	1	5
Financial fixed assets	182 989	153 489
Total fixed assets	183 237	153 752
Other short-term receivables	7 603	13 973
Liquid assets, including current investments	8 792	56
Total current assets	16 095	14 029
Total assets	210 366	167 781
Equity	200 708	161 476
Other current liabilities	9 658	6 305
Total liabilities and shareholders' equity	210 366	167 781