

The board of Anoto agrees on the revised EGM agenda with Nerthus Investment Ltd. and Solt Works Co. Ltd.

Stockholm, January 6, 2020 – Anoto Group AB (“Anoto”) today announces that it has agreed with Nerthus Investment Ltd. (“Nerthus”) and Solt Works Co. Ltd. (“Soltworks”), Anoto’s largest shareholders who together are representing in total approximately 17.3 per cent of the shares in Anoto, to revise the agenda for the upcoming EGM to be held on 13 January 2020 (the “EGM”), namely the proposal for conversion of employee loans into shares in Knowledge AI Inc. (“Knowledge AI”).

Nerthus and Soltworks agreed to the necessity and importance of the option program for Knowledge AI and the authorization for the board of directors of Anoto to issue up to 20 million new shares.

In terms of employee loan conversion to Knowledge AI common shares pursuant to the proposal by the board of directors under item 8 on the agenda for the EGM, there was a misunderstanding of its nature.

These loans were made before Soltworks invested in Knowledge AI preferred stock for 15 million USD valuation to finance the development and operations of Knowledge AI. Anoto owns 100% of the common stock of Knowledge AI. The common stock valuation is determined only by a US government authorized valuation firm. Under the IRS code 409A, all US based start-up companies must be valued. In accordance with said valuation, the common stock of Knowledge AI was valued at 7.5 million USD, which is half of the preferred stock valuation. This is very common due to the risk of a start-up and the liquidation preferences a preferred stock possesses over the common stock. Valuation differential could be as much as 5~10x during the seed stage of the company.

When attracting Soltworks’ investment into Knowledge AI, existence of these loans was disclosed and gave comfort to Soltworks that the CEO and other employees of Knowledge AI are putting their own money into the development of Knowledge AI.

However, after discussions with Nerthus and Soltworks, the board of directors of Anoto has decided to withdraw its proposal under item 8 on the agenda from the EGM.

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About Anoto Group

Anoto is a publicly held Swedish technology company known globally for innovation in the area of information-rich patterns and the optical recognition of those patterns. It is a leader in digital writing and drawing solutions, having historically used its proprietary technology to develop smartpens and the related software. These smartpens enrich the daily lives of millions of people around the world. Now Anoto is a cloud based software solution provider based on its patented dot pattern technology which provides a methodology for accumulating digital big data from analogue inputs. Anoto Cloud includes Anoto’s four solutions: Knowledge AI – the world’s first AI solution for offline education; ACE – Anoto’s new and improved enterprise forms solutions; aDNA – Anoto’s secure interactive marketing solution; and Dr. Watson – Anoto’s biometric authentication and security solution. Anoto is traded on the Small Cap list of Nasdaq Stockholm under ANOT.