Anoto receives SEK 40 million to fuel growth in 2018

Stockholm, November 14, 2017 - As indicated in the recent Q3 report, the management and Board of Directors of Anoto Group AB (Anoto) continue to have a positive view of the future of the business. To support this outlook, various mechanisms to fund anticipated sales growth have been actively evaluated.

In order to meet sizeable orders expected through 2018 and to shorten lead times between order placement and revenue recognition, Anoto needs working capital to build a responsible level of inventory. Since 2016, working capital constraints created very long lead times between order and delivery, resulting in lost sales.

Now given its new lower cost, more efficient pen-manufacturing platform, management believes the next logical step is to advance its pipeline of pens in the portfolio. This step is expected to materially contribute to Anoto's revenue growth as well as gross margin and cash flow improvement in 2018.

Management and Board have diligently looked at a full spectrum of options for financing growth, including adjusting payment terms and using directed issues of different equity-linked instruments to Swedish and international investors. But none of these approaches have been successful or would provide the quickest working capital necessary to deliver the positive results planned. Traditional bank financing is the Company's preferred option but is only available later, after sales are proven to be sustainable on the new pen platform.

The company's largest shareholder and a new US-based investor have offered to provide the required financing in a private placement of senior unsecured convertible bonds due 22 July 2019. The Bonds are not carrying any coupon, and have a conversion price of SEK 4. This is the best option management and Board have been able to identify.

The alternative to a private placement is a rights issue. A rights issue takes a long time to execute, which would delay start of production and which would hurt sales growth considerably. Unless the rights issue is guaranteed, which has proven to be very costly, the outcome of such an issue is uncertain.

Taking all of the above factors into consideration, the Board has concluded that it is in the best interest of the Company and its shareholders to carry out the private placement.

This information is information that Anoto Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 03:30 CET on 13 November 2017.