



## **Notice of Extraordinary General Meeting of Anoto Group AB**

The shareholders of Anoto Group AB (publ) ("Anoto Group" or "the Company" below) are hereby invited to attend an extraordinary general meeting at 14.00 on Thursday, 10 November 2005 at the Company's premises in Ideon Företagsby (Business Park), the address of which is Scheelevägen 19 C, Hus Delta 3, Lund, Sweden.

### **Notification to Attend the General Meeting**

To attend the general meeting, a shareholder must be entered in the stock register kept by VPC AB by Monday, 31 October 2005 and notify the Company by 12.00 on Friday, 4 November 2005. Notification can be mailed to the Company at Scheelevägen 19 C, 223 70 Lund, Sweden, faxed to +46 46-540 11 90, e-mailed to mats.blom@anoto.com or phoned in to +46 46-540 10 00. Be sure to include your name, civic registration/corporate identification no. and registered shareholding. In order to facilitate entry at the meeting, the Company should receive all powers of attorney, registration certificates and other authorizations at the above address by Friday, 4 November 2005.

In order to attend the meeting, any shareholder whose shares are registered in the name of an authorized agent must request temporary entry in the stock register under his or her own name from the bank or securities trader that manages the shares at least two business days prior to the record date of 31 October 2005.

### **The Board's Proposals and Agenda**

1. The meeting is called to order
2. Selection of the chairman of the meeting
3. Preparation and approval of the list of shareholders entitled to vote at the meeting
4. Approval of the agenda
5. Selection of one or two people to verify the minutes
6. Verification that shareholders have been duly notified of the meeting
7. Election of Board members and a resolution concerning their remuneration
8. The Board's proposed employee stock option program, including the issue of instruments of debt consisting of detachable warrants, as well as approval for transfer of the warrants
9. The Board's proposed securities option program, including the issue of instruments of debt consisting of detachable warrants, as well as approval for transfer of the warrants
10. The Board's proposed stock option program for employees in the USA including the issue of instruments of debt consisting of detachable warrants, as well as approval for transfer of the warrants
11. The Board's proposed authorization to issue new shares
12. Adjournment of the meeting

### **Proposed Resolutions**

#### **Item 7. Election of Board members and a resolution concerning their remuneration**

The annual general meeting of Anoto Group on 11 May 2005 elected Christer Fåhræus, Kjell Duveblad, David Henry, Märtha Josefsson, Nils Rydbeck, Lars Grönberg, Lars Jarnryd and Örjan Johansson as Board Members. Kjell Duveblad, Lars Grönberg and Märtha Josefsson have immediately, resigned from the Board. Norden Technology A/S, which controls approximately 18.9% of the Company's share capital and votes, has proposed that the Board shall consist of six members and that Stein Revelsby and Per Boasson be elected as new Board members and that Mr. Johansson simultaneously steps down.

Mr. Revelsby, born in 1962, is the Chairman and CEO of Norden Technology A/S.

Mr. Boasson, born in 1958, has been long in the IT-industry. He founded in 1983 PC Systemer A/S that now is part of Visma ASA.

The annual general meeting awarded total remuneration to the Board of 1,200,000 kronor. Norden Technology AS proposes that the remuneration remain unchanged.

**Item 8. The Board's proposed employee stock option programme, including the issue of instruments of debt consisting of detachable warrants, as well as approval for transfer of the warrants**

The Board proposes that the general meeting resolve that Anoto Group issue no more than 1,500,000 stock options to employees of the Group except new employees in the USA. Regardless of position, each employee shall receive 14,000 options free of charge. Surplus options shall be at the disposal of Anoto Group to be awarded to new employees, except in the USA. The options are not securities and shall not be transferable to a third party. The options shall be valid only if their holder is still an employee of Anoto Group when exercising them. If that condition is not met, the holder shall lose his or her right to the options. Within the limits of the total number of options, Anoto Group shall be entitled to issue new options on similar terms to replace those that have become invalid for that reason.

Each option shall entitle the holder to exercise from 1 September to 30 November 2007 a warrant to subscribe for one new Anoto Group share at 150% of the weighted average quoted price of the Anoto Group share during the ten sessions of the Stockholm Stock Exchange immediately preceding the general meeting.

Anoto Group shall secure its stock option commitment by issuing instruments of debt consisting of detachable warrants to a wholly owned subsidiary. The warrants shall carry the same terms as the stock options. Each stock option shall entitle the holder to exercise one such warrant. If the exercise of the options generates a gain for employees, they are liable to pay taxes on it and Anoto Group is obligated to make social security contributions. Thus, the Board proposes that Anoto Group issue 495,000 warrants in addition to the stock options, i.e., 1,995,000 instruments of debt consisting of an equal number of warrants. The extra warrants may be sold, thereby covering the cost of the social security contributions.

**Item 9. The Board's proposed securities option programme, including the issue of instruments of debt consisting of detachable warrants, as well as approval for transfer of the warrants**

The Board proposes that the general meeting resolve that Anoto Group issue instruments of debt consisting of no more than 2,000,000 warrants. Each warrant shall entitle the holder to subscribe from 1 September to 30 November 2008 for one new Anoto Group share at 150% of the weighted average quoted price of the Anoto Group share during the ten sessions of the Stockholm Stock Exchange immediately preceding the general meeting.

The issue of new shares shall be directed to a wholly owned subsidiary, which shall detach the warrants and transfer them to Group employees at a market price estimated according to the Black & Scholes formula. The warrants and the subscription terms shall be such that acquisition and exercise of the warrants is taxed in accordance with the regulations on earnings from capital (options taxed as securities).

Regardless of position, all Anoto Group employees except new employees in the USA, shall be entitled to acquire 15,000 warrants. In addition, senior executives and key employees of the Group shall be entitled to acquire surplus warrants. That number is estimated at 500,000 if all employees take advantage of the offer and acquire 15,000 warrants. The Board shall determine allocation.

**Item 10. The Board's proposed stock option program for employees in the USA, including the issue of instruments of debt consisting of detachable warrants, as well as approval for transfer of the warrants**

The Board proposes that the general meeting resolve that Anoto Group issue no more than 3,200,000 stock options to new employees in the United States. Each option shall entitle the holder to acquire no later than 30 November 2009 one new Anoto Group share at the weighted average quoted price of the Anoto Group share during the ten sessions of the Stockholm Stock Exchange immediately preceding the general meeting.

The holder's right to acquire and exercise the options shall be dependent on retaining his or her employment with Anoto Group, as well as meeting certain performance criteria as set by the Board. The principle of the option terms shall be that each holder gradually earns the right to the options prior to expiration at a monthly rate of 1/48 of the awarded options. If the holder leaves his or her position before the options expire, he shall earn only some of them – for instance, half of them if he or she leaves after two years as well as those earned during a termination period or similar. Whether he or she is entitled to exercise the earned options shall be determined by

which performance criteria have been met on that date. The Board proposes that it be authorized to work out the detailed terms in accordance with the above principles and in accordance with applicable securities and tax laws.

The options shall be awarded to new in the USA free of charge. Jim Marggraff, who has been appointed as CEO of Anoto Inc. shall be awarded 1,600,000 options. The remaining options shall be awarded to new employees in the USA in accordance with a resolution of the Board of Anoto Group.

Anoto Group shall secure its stock option commitment by issuing instruments of debt consisting of detachable warrants to a wholly owned subsidiary. The warrants shall carry the same terms as the options.

#### **Item 11. The Board's proposed authorization to issue new shares**

The annual general meeting of 11 May 2005 authorized the Board to carry out one or more in-kind, settlement or other issues of up to 10,000,000 new shares until the next annual general meeting. The authorization can be used to enable the acquisition of businesses or operations upon payment either wholly or partly in the form of shares.

The Board proposes that the general meeting extend the previous authorization to include the ability of the Board to, departing from the preferential rights of shareholders, issue new shares to both financial investors and industrial partners and that new shares may be paid for in cash. In addition to the acquisition of businesses and operations as previously specified, the purpose of the authorization shall be to enable expansion and establishment of the Group in areas that the Board deems to have major growth potential. The authorization shall continue to be for no more than 10,000,000 shares.

#### **Increase in Share Capital**

Anoto Group's share capital totals 2,390,704.02 kronor, divided among 119,535,201 shares at a par value of 0.02 krona each. If all options now being proposed are exercised (1,995,000 warrants as part of the employee stock option program, 2,000,000 warrants as part of the securities option program and 3,200,000 warrants as part of the stock option program for employees abroad), a total of 7,195,000 new shares would be issued. The dilutive effect would be approximately 6.0%.

Given the 1,595,000 stock options previously outstanding with approximately 2,121,350 underlying warrants, the cumulative dilutive effect if all options were exercised would be approximately 7.8%. The outstanding stock options with a subscription price of 72.70 kronor per share have been excluded when calculating the dilutive effect.

#### **Majority Requirement for Resolutions**

The proposed stock option program and associated resolutions to issue instruments of debt consisting of detachable warrants and the approval for transfer of the options are covered by some sections of the Act on Certain Directed Placements in Stock Market Companies etc. (Leolagen) For a resolution to be valid in accordance with Leolagen, it must be supported by shareholders or their proxies with at least 9/10 of the votes and shares represented at the meeting.

Shareholders representing more than 40% of Anoto Group's share capital and votes have announced that they support the proposed option program.

#### **Documents for the General Meeting**

The Board's proposed resolutions under items 8-11 of the agenda appear above, will be available at the Company's office in Lund, Sweden at the above address as of 27 October 2005 and will be sent to shareholders who so request and who provide their mailing address. The proposal will also appear on the Company's website at [www.anotogroup.com](http://www.anotogroup.com)

Lund, Sweden, October 2005  
ANOTO GROUP AB (publ)  
*Board of Directors*