

# Annual report 2021

## reMarkable Group and Holding AS

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# Directors' report

## Operations and locations

The reMarkable group consists of reMarkable Holding AS, reMarkable AS and reMarkable Employee Share Holding AS (RESHI AS). In addition, reMarkable Invest AS was established at the end of 2021 for the purpose of holding 100% of the shares in reMarkable AS and issue shares to RESHI AS as part of the employee share purchase program. reMarkable Holding AS is the ultimate parent company and owns the majority of reMarkable Invest AS with RESHI AS as minority owner. reMarkable AS is the subsidiary company and contains all employees and operations. reMarkable AS develops, markets, and sells consumer electronics products termed 'paper tablets' and additional associated accessories as well as a subscription service. All companies in the group are Norwegian, and registered at Biermanns gate 6, 0473 Oslo.

reMarkable's business strategy is to develop and produce an electronic device for users who prefer the paper experience, as it pertains to reading, writing, and sketching, over other digital devices such as PCs and tablets. The main product is

called "reMarkable 2", a device that provides an almost identical writing and reading experience to paper, but with additional features only made possible via technology. The device's functionality is particularly focused on the writing experience, endeavoring to preserve the benefits handwriting has on memory and focus. This ambition is reflected in reMarkable's slogan – "Better paper. Better thinking."

The group advertises and sells its products online to over 40 countries in large portions of Europe and North America, along with Australia, New Zealand, and Hong Kong. Orders from the company's own web shop represent the largest portion of total sales. In addition, products were also sold during 2021 through our own pop-up stores in Oslo and at Oslo Airport Gardermoen, as well as through selected retail stores throughout the Nordics. Production is conducted primarily in China, with distribution from warehouses in Hong Kong and Lithuania.

## Comments related to the financial statements

2021 continued the positive development from 2020 with revenue and profit coming in at record levels.

Revenues in 2021 were 2 676 MNOK (1 214 MNOK), corresponding to an increase of 120% from 2020. reMarkable's top-line growth continued to be attributable to reMarkable 2, the second-generation paper tablet that was successfully launched during fall 2020, and which has demonstrated strong market appeal through 2021.

The strong results are also supported by highly successful and tireless efforts over the course of 2021 to secure supply despite global component shortages and supply chain challenges. Other market initiatives including a successful social media strategy has further strengthened our brand and increased the number of reMarkable promoters all over the world, with organic sales from aforementioned promoters and the new customers they refer being an important contributor to reMarkable's growth.

In October 2021 reMarkable launched the Connect subscription service. A monthly subscription that allows customers to access the full reMarkable experience in terms of powerful software features such as handwriting conversion and

Screen Share. The launch of Connect also included improved warranty- and return policies for the customers. Connect was launched at the end of the year with discounts and trial periods, so the financial impact to 2021 is limited. However, we expect the service to drive a rapid growth of Annual Recurring Revenue (ARR) and provide a strong customer lifetime value (LTV).

The group's net income was 156 MNOK, a significant lift from 38 MNOK the year before. Gross profit ended up at 1 172 MNOK compared to 429 MNOK in 2020, reflecting a gross profit margin of 44% (35%).

The profitability is mainly attributable to the growth in sales volume and at the same time improving profit margins through reduced production cost, volume rebates, and solid attachment rates of higher margin accessories.

The two largest cost buckets are 'cost of goods sold' (COGS) and other operating expenses. COGS consists primarily of the production cost of manufactured goods, delivery, and duties. These costs came to 1 504 MNOK (786 MNOK) in 2021 reflecting a 91% increase.

Other operating expenses, which primarily consist of sales and advertisement (S&A), were 704 MNOK (228 MNOK). S&A, consisting chiefly of social media advertising, was the key driver of the increase with a cost of 515 MNOK compared to 163 MNOK in 2020. As a percentage of revenue, S&A is up to 19%, compared to 13% in 2020. The increase seen in marketing spend is also attributed to somewhat higher customer acquisition costs post launch of Connect. Gross margin less S&A, that which is left to cover other expenses, rose to 657 MNOK from 311 MNOK the year before.

Further, total personnel costs were 190 MNOK, which is an 99% increase from last year. As a percent of revenue, it stays largely consistent with last year with a modest reduction of 1 p.p., from 8% to 7%.

The increased cost is in line with the outstanding growth and expansion of reMarkable over the course of 2021. The increase from 114 full-time equivalents (FTE) in 2020 to 220 FTEs by the end of 2021 established a strong basis for continued growth, in-house knowledge and redundancy. Furthermore, a general increase in salary, insurance, and pension levels, which enables reMarkable to offer a competitive remuneration package to attract top talent, has also contributed to the increase.

Development expenses, consisting primarily of costs related to manufacturers, personnel, and consultants, totaled 71 MNOK and have been capitalized in accordance with the relevant requirements. The capitalized expenses relate to projects that comprises the continued efforts to release new and powerful features to our software, as well as development of new physical products. An additional 18 MNOK was capitalized as PPE or other intangible assets, mainly related to office improvements. The increase will also be reflected through higher depreciation and amortization. Useful life is for most assets estimated between 3-5 years depending on the nature of the asset, with certain exemptions for patents and software that have a longer useful life.

Net financial expenses came to 38 MNOK in 2021, compared to 42 MNOK in 2020. This is mainly due to disagio due to currency fluctuations and the fact that reMarkable AS applies NOK as accounting currency, meanwhile the functional currency is USD. NOK is also selected as presentation currency in

the Group financial accounts. Transactions in foreign currency such as USD and EUR are therefore translated to NOK using transaction date rates and monetary items such as cash and receivables are converted using rates at period end, creating exchange gains- and losses. Furthermore, reMarkable, for operational purposes, holds cash and supply chain financing in USD and EUR. This exposure risk and how it is mitigated is described in the risk section below. The remaining exposure is considered acceptable also considering the net financial items as a share of revenue is more than halved from 2020.

Total cash flow was 349 MNOK. Cash flow from operations was 251 MNOK and is primarily attributable to high sales numbers and solid financial performance. Total investments made by the group in 2021 were 87 MNOK, mainly connected to development. Cash flow from financing activities was 185 MNOK, out of which 162 is the result of increased use of financial debt instruments. reMarkable has a supply chain financing agreement which makes it possible to extend payment terms of manufactured goods. The group used supply chain financing on 209 MNOK worth of manufactured goods by year-end. In terms of equity, the group had two fundraising rounds for employees with positive cash impact of MNOK 23.

Total current assets per December 31st, 2021, amount to 1 078 MNOK (408 MNOK), and the group's cash position amounts to 637 MNOK (288 MNOK). The strong cash position is partially due to great sales numbers, but also the effect of reduced working capital from successful payment terms negotiations with both service and product suppliers.

The group has per year end 208 MNOK outstanding in supply chain financing. The group's current liabilities per December 31st, 2021, amount to 831 MNOK (294 MNOK), corresponding to 100% of total debt. Of this, other current liabilities make up the largest part with MNOK 348 MNOK. This mainly consist of significant provisions for supplier invoices relating to 2021 financial results.

Total capital at the end of the year was 1 226 MNOK, compared to 507 MNOK the year before. Total equity per December 31st, 2021, was 395 MNOK, a 183 MNOK increase from 2020. Equity ratio was 32% at year-end, compared with 41% per December 31st, 2020.

## Financial risk

### **Input factors**

As a consumer electronics company, reMarkable is exposed to the possibility of global shortages of production components, which have affected global supply chains since the outbreak of COVID-19 and continues to pose a risk over the short- to medium-term. A team of dedicated reMarkable personnel is collaborating directly with key suppliers in our supply chain on sourcing of components and strategic measures have been taken to ensure access to critical input factors and secure priority among suppliers. The measures taken include keeping a larger inventory of finished goods and components with a particularly elevated risk of future inaccessibility. Measures to secure supply are of very high priority, but at the same time capital intensive. With strong financial figures and contractual mechanisms in place with our suppliers, we have confidence that the risk of supply shortage is well mitigated going forward.

### **Liquidity risk**

reMarkable has a strong financial position per year-end with current assets exceeding current liabilities by 247 MNOK. reMarkable holds no long-term debt positions as of December 31st 2021.

reMarkable mitigates short-term supplier debt through supply chain financing which extends the maturity on invoice payments. Further, a monitoring of working capital is applied to achieve sufficient cash positions and avoid restricting capital in inventory and long-term receivables. As of December 31st, inventory amounted to 312 MNOK compared to MNOK 38 MNOK by end of 2020. The increase is due to a relatively low inventory per 2020 and build-up of some additional inventory to mitigate risk of scarcity of key components. reMarkable has also set up new warehouse in Lithuania to better serve EU clients and allow for more advantageous import terms.

Since expenditure levels are relatively high and the group still has one primary revenue stream to rely on, although going forward recurring revenue from Connect is expected to provide a secondary, changes in the cash position may occur. The lead-time on paper tablet production means the group must order supply before future demand is known,

and this exposes the group to a certain risk of future demand not aligning with projections. That said, if temporary revenue challenges arise, the group can reduce expenditures in a timely manner. The group carefully monitors and projects its financial position and has in place a long-term financial strategy.

### **Market and credit risk**

reMarkable's revenue is affected by the standard economic trends seen in sales, like Christmas sales and Black Friday. reMarkable is familiar with these trends and has taken this into account when estimating demand and ensuring supply.

When it comes to competing products, there are a few comparable products in the 'paper tablet' category. As defined by reMarkable, the product category holds two key success criteria at this stage, delivering a paper-like experience, and offering a low enough price point. reMarkable has succeeded in offering a paper tablet at a lower price point with an improved screen, new design, better processing ability, and significant new functionality in terms of both the software and hardware. The product has solidified reMarkable's position as a leading player in the paper tablet category. In addition, reMarkable has built up unique and solid customer insights, which combined with the group's technological ability, continues to be important when it comes to maintaining its category leadership.

The risk of losses on receivables is considered low, as the group's payment providers are solid companies and release funds continuously within 3-7 days after customer purchase. The risk of losses on receivables on these orders is held by the payment provider and reflected in the fees. reMarkable offers credit payment to a retail distributor but the volume is modest and the risk of losses on receivables is considered very low. Some business customers are offered invoice sales, but the main rule is upfront payment. In relation to an increased focus on the retail segment, the group will make ongoing assessments of the payment terms provided, the credit risk entailed, and any other instruments that can be used to mitigate risk.

### Macroeconomic risks

reMarkable is a Norwegian group with a global footprint, which exposes it to general macroeconomic risks, such as political disagreements, global epidemics, and general economic downturns. These risks are difficult to predict and prevent and must be carefully watched and dealt with when they occur. COVID-19 has affected the group in various ways in addition to the component shortage described above, but the financial impact in 2021 is limited. Our production and logistics in China and Hong Kong have been for most purposes unaffected throughout 2021. Travel restrictions to China however made it difficult to monitor production of reMarkable 2 in person but is mitigated through close cooperation and a dedicated (external) team on-site. A strong supplier-vendor relationship established over several years of cooperation has reduced the potential friction from lack of physical presence.

Further, COVID-19 has affected the group terms of periodic home office for all employees, increased shipping costs, constrained outbound freight capacity as well as component supply shortage as described earlier. However, as our solid financials show, these challenges have been managed exceedingly well by the group. Most importantly, the demand for products has remained very high during the pandemic and is expected to remain high going forward.

In addition, since the group's products are produced in China and sold among other in the United States, reMarkable could be affected by trade restrictions and additional import tariffs between China and the United States. Until now, the group has not been significantly affected as the shipments sent from Hong Kong overwhelmingly fall be-

low the threshold needed to trigger US sanctions for an individual package.

The group is exposed to currency risk, as less than 5% of revenue is in NOK. To reduce the financial risk the group has set up bank accounts in the four different currencies that make up the largest amounts of sales. Using these accounts, reMarkable can avoid fluctuations between the time of payment to the time of transfer, as well as the high exchange rate fees that stem from the payment gateway. Over half of the group's costs are in foreign currencies, and by being able to retain revenue in its original currency, the group can settle these obligations without the need to convert twice. This provides a natural hedge and allows the group to avoid unnecessary conversion fees. In addition, the supply chain financing solution for extended credit on the purchase of manufactured goods is in USD, the same currency that is used in reMarkable's supplier agreements. The group's current strategy does not include the use of any other financial instruments for currency hedging.

The group's exposure to interest rate risk is limited as there is no long-term financing. Supply chain financing and bank facilities have limited maturity, so exposure time is not considered significant. Given the significant cash position, lower or negative interests over time could reflect a risk of little or none return on surplus cash.

## The group's prospects

The formidable increase in revenue and the strong net result in an otherwise challenging year is a mark of the group's success and a very solid indicator for further growth and profitability. Increased customer satisfaction, brand-building activities, and great reviews on reMarkable 2 in international publications support this statement. Top-line growth will remain a primary strategic focus in the coming years, though an increased focus will also be placed on maintaining and improving profitability with Connect and further expansion as primary vehicles to achieving this goal. The group has invested heavily in the continued development of its products, both software and hardware, during 2021

and will continue to make improvements going forward. In addition, reMarkable will continue to expand sales channels, move into new geographic markets, and develop new revenue models in the years to come.

Although there are several indications that the group will have further growth, our forecasts are subject to the normal uncertainty that characterizes considerations of future events. All the board members' and the CEO's within reMarkable group are personally insured against possible liability to the group.

## Work environment, equal opportunity and discrimination

The work environment at reMarkable is considered to be good. The company has a Workplace Environment Committee (Nw. AMU), an employee representative, and a safety representative, as well as established routines for safeguarding and protecting the rights and needs of its employees. Practices to make sure the workplace is accessible and inclusive are regularly implemented, communicated, and reviewed. The group has followed the government guidelines regarding COVID-19 to the letter, including practicing home office when advised. Measures and routines to ensure sound working conditions have been initiated, as well as measures to preserve employee mental health, motivation, and general well-being. Total sick leave in 2021 was 1,51 % of total working hours. No workplace injuries or accidents were reported. The group has no known issues of discrimination because of ethnicity, religion, beliefs, disability, sexual orientation, gender identity, or gender expression.

2021 was an important year for reMarkable in terms of gender equality work. As described in our 2020 equality report, we began working with new tools and initiatives implemented to reach the diversity goals we set in 2020. There has also been done extensive work to formalize our internal structure and job levels, enabling us to provide data on a more detailed level than before.

reMarkable aims to have a workplace where there is full equality between women and men and aims to ensure that there is no discrimination based on gender in matters such as pay, advancement, or recruitment. At the end of 2021, the group consisted of 39% women and 61% men. For more information on this topic, we refer to our report on equality that is published on our career page [remarkable.com/careers](https://remarkable.com/careers). The report details our current gender equality status on a set of parameters, an assessment of potential risks for discrimination or obstacles to equality, as well as a look at

what we have done so far and plan to do in the future to improve diversity and equality.

Requirements for acceptable working conditions at suppliers, especially at the factory of the main supplier in China, are emphasized in the negotiation processes and are written down in the manufacturing service agreement. Suppliers shall comply with reMarkable's Supplier Code of Conduct. reMarkable's Supplier Code of Conduct is based on The Responsible Business Alliance (RBA) Code of Conduct which ensures that working conditions and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. The labor standards include freely chosen labor, no use of child labor in any stage of manufacturing, working hours according to local law, compensation paid to workers shall comply with all applicable wage laws, humane treatment of workers and a workplace free of harassment and unlawful discrimination.

reMarkable requires that our suppliers shall treat its employees fairly and legally with regard to wages, benefits, and working conditions, and not employ forced labor, and no employee shall be compelled to work through force or intimidation of any form.

Our suppliers shall not employ children (defined as age 15 or the minimum working age within the applicable jurisdiction, whichever is older) to perform all or part of the Services. Further they shall maintain a safe and hygienic working environment and shall employ occupational health and safety practices that prevent accidents and injury in the course of work or as a result of the operation of its facilities and equipment.

## Environmental and community responsibility

reMarkable's vision is closely related to productivity and cognitive learning. Hence, sustainability has a natural place in the company's strategy, today and in the short term and long term future.

However, the consumer electronics industry impacts the external environment through production, distribution, usage and end-of-life handling of the products. Greenhouse gas emissions, energy consumption, raw materials and water usage are some inherent environmental impacts of the industry, and these aspects are all relevant to reMarkable. To reduce environmental harm from production, the company has stated in the manufacturing service agreement with its main supplier that they, at all times, should aim to improve environmental performance in production and sourcing. Also, the group has climate compensated deliveries for orders placed on its own web shop whereas the supplier compensates the CO2 emissions on reMarkable deliveries through carbon offsetting.

In addition, the group will in the first quarter of 2022 implement a refurbishment process to repair returned devices

and sell them as 'almost new,' at a discounted price. The refurbishment process makes it possible to reuse components and thereby reduce scrap material. The group is also offering a repair program for customers. Further, all packaging for second-generation products is recyclable.

Overall, measuring the group's net impact on the environment is a challenge due to lack of data availability and a complex value chain. reMarkable recognizes the importance of environmental challenges and includes this in future product development and the formulation of the group's long-term strategy. To handle these - and other sustainability related topics - a sustainability team has been hired in 2021 and will start the work of systemizing the group's sustainability efforts early 2022.

The group has initiated several sustainability activities in 2021, including a product life cycle impact assessment, prioritizing specific sustainability topics for further work and assessing sustainability in the product design phase. This work will continue in 2022.

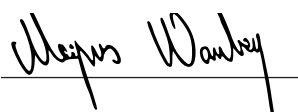
## Going concern

In accordance with the Accounting Act § 3-3a, it is confirmed that the financial statements have been prepared under the assumption of going concern.

## Allocation of net income

The net result for the year is taken in its allocated to retained earnings in equity.

Oslo, March 31th, 2022



Magnus Haug Wanberg  
CEO and Chairman of the Board



Kevin Thau  
Board Member



Marius Juul Møller  
Board Member

# Income statement

## reMarkable Group

	Note	2021	2020
Revenue	2	2 675 565 412	1 214 283 385
Other operating revenue	2	0	298 931
<b>Total revenue and income</b>		<b>2 675 565 412</b>	<b>1 214 582 316</b>
Cost of goods sold		(1 503 564 617)	(785 674 810)
Salary and personnel costs	3, 4, 5	(190 492 135)	(95 942 860)
Depreciations and amortizations	8, 9	(37 378 599)	(14 750 481)
Other operating expenses	3, 4, 11	(704 088 245)	(228 431 598)
<b>Total operating expenses</b>		<b>(2 435 523 596)</b>	<b>(1 124 799 749)</b>
<b>Result of operations</b>		<b>240 041 816</b>	<b>89 782 567</b>
Interest income	6	30 432	61 614
Financial income	6	37 203 353	23 466 042
<b>Total financial income</b>		<b>37 233 785</b>	<b>23 527 657</b>
Other interest charge	6	(3 470 468)	(1 152 462)
Financial expenses	6	(71 699 676)	(64 768 505)
<b>Total financial expenses</b>		<b>(75 170 144)</b>	<b>(65 920 967)</b>
<b>Net financial items</b>		<b>(37 936 359)</b>	<b>(42 393 310)</b>
<b>Result before tax</b>		<b>202 105 457</b>	<b>47 389 257</b>
Tax cost	7	(45 838 169)	(9 376 593)
<b>Net income</b>		<b>156 267 287</b>	<b>38 012 664</b>
Net income attributable to Non-controlling interests		1 605 584	(71 645)
Net income attributable to reMarkable Holding AS		154 661 703	38 084 309
<b>Transfers</b>			
Retained earnings incl non controlling interests	15	156 267 287	5 218 771
Uncovered losses	15	0	32 793 893
<b>Total transfers and allocations</b>		<b>156 267 287</b>	<b>38 012 664</b>



# Balance sheet

## reMarkable Group


	Note	2021	2020
<b>Non- current assets</b>			
<b>Intangible assets</b>			
Development	3, 8	117 308 039	81 651 288
Patents	8	161 548	184 904
Deferred tax assets	7	7 498 141	7 860 556
<b>Total intangible assets</b>		<b>124 967 728</b>	<b>89 696 748</b>
<b>Tangible fixed assets</b>			
Office fittings and machinery	9	18 849 790	3 076 790
<b>Total tangible fixed assets</b>		<b>18 849 790</b>	<b>3 076 790</b>
<b>Non- current financial assets</b>			
Other receivables	21	4 078 675	6 357 919
<b>Total non- current financial assets</b>		<b>4 078 675</b>	<b>6 357 919</b>
<b>Total non- current assets</b>		<b>147 896 193</b>	<b>99 131 457</b>
<b>Current assets</b>			
Inventories	12	311 866 886	37 963 059
<b>Total inventories</b>		<b>311 866 886</b>	<b>37 963 059</b>
<b>Receivables</b>			
Accounts receivables	16	55 155 885	18 029 920
Other short-term receivables	17	73 443 581	63 557 743
<b>Total receivables</b>		<b>128 599 466</b>	<b>81 587 662</b>
Bank deposits	13	637 278 682	288 022 564
<b>Total bank deposits</b>		<b>637 278 682</b>	<b>288 022 564</b>
<b>Total current assets</b>		<b>1 077 745 034</b>	<b>407 573 285</b>
<b>Total assets</b>		<b>1 225 641 227</b>	<b>506 704 742</b>

# Balance sheet

## reMarkable Group

	Note	2021	2020
<b>Equity</b>			
<b>Paid-in and other capital</b>			
Share capital	14, 15	2 573 523	2 563 857
Treasury shares	15	(30 413)	0
Share premium reserve	15	163 942 216	196 028 741
Other equity	15	66 175 936	7 964 151
<b>Total paid-in and other capital</b>		<b>232 661 262</b>	<b>206 556 749</b>
<b>Retained earnings</b>			
Retained earnings	15	158 472 566	3 810 863
<b>Total retained earnings</b>		<b>158 472 566</b>	<b>3 810 863</b>
Non-controlling interests	15	3 485 380	1 407 908
<b>Total equity</b>		<b>394 619 208</b>	<b>211 775 520</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Interest- bearing short-term debt	10, 13	208 500 445	46 778 178
Accounts payable		180 243 451	84 994 548
Tax payable	7	42 651 153	2 737 859
Public duties payable		37 262 015	25 379 332
Advance from customers	20	14 730 930	51 901 862
Other short-term liabilities	18, 19	347 634 025	83 137 444
<b>Total current liabilities</b>		<b>831 022 019</b>	<b>294 929 222</b>
<b>Total liabilities</b>		<b>831 022 019</b>	<b>294 929 222</b>
<b>Total equity and liabilities</b>		<b>1 225 641 227</b>	<b>506 704 742</b>

Oslo, March 31th, 2022



Magnus Haug Wanberg  
CEO and Chairman of the Board



Kevin Thau  
Board Member



Marius Juul Møller  
Board Member

## Cash flow statement reMarkable Group

	2021	2020
<b>Cash flow from operating activities</b>		
Gains before tax	202 105 456	47 389 257
Taxation paid	2 737 859	0
Ordinary depreciation	37 378 599	14 750 481
Changes in inventories	(273 903 827)	(24 733 587)
Changes in accounts receivable	(37 125 965)	(17 902 147)
Changes in accounts payable	95 248 903	44 156 717
Changes in other receivables and payables	229 772 434	68 036 794
<b>Net cash flow from operating activities</b>	<b>250 737 739</b>	<b>131 697 515</b>
<b>Cash flow from investing activities</b>		
Investments in development	(86 509 935)	(49 213 903)
<b>Net cash flow from investing activities</b>	<b>(86 509 935)</b>	<b>(49 213 903)</b>
<b>Cash flow from financing activities</b>		
Proceeds from short-term debt	10, 13 161 722 267	26 711 940
Proceeds from issue of share capital	15 23 306 047	13 184 813
<b>Net cash flow from financing activities</b>	<b>185 028 314</b>	<b>39 896 753</b>
Net change in cash and cash equivalents	349 256 118	122 380 365
Cash and cash equivalents at the period's beginning	288 022 564	165 642 199
<b>Cash and cash equivalents at the period's end</b>	<b>637 278 682</b>	<b>288 022 564</b>

# Notes

## reMarkable Group

### Note 1 – Accounting principles

These financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The Group reports as an "other enterprise". The notes apply to the Group unless otherwise stated.

#### ***Basis for consolidation***

The group's consolidated financial statements comprise reMarkable Holding AS and companies in which reMarkable Holding AS has a controlling interest. A controlling interest is normally obtained when the group represents more than 50% of the votes in the company and can exercise control over the company. Where subsidiaries in the group include other shareholders, their share of equity and net profit are classified as non-controlling interest in equity. For reMarkable group, this impacts reMarkable Employee Share Holding I AS (RESHI AS), that is owned through other shareholders.

Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

#### ***Revenue recognition***

Revenues from the sale of goods are recognized in the income statement once the goods are shipped from our fulfilment center. At this point, the risk is transferred to the carrier or the customer. For items sold with a 30/100-day return policy, the share of revenue expected to be returned is not recognized until return period expires. Estimates are made based on historic data and posted under "Other short-term liabilities". For the goods sold through a third-party retailer the revenue is recognized when the goods are shipped and invoiced to the distributor.

Subscription services such as "Connect" are recognized monthly with in accordance with the subscription period.

#### ***Foreign currency***

Transactions in foreign currency are converted at the exchange rate applicable on the transaction date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period. Balance sheet items in foreign currencies are converted to NOK with exchange rates per reporting date. Differences in balance sheet items due to changes in exchange rates are reflected as financial income (agio) or financial expenses (disagio).

Presentation currency for the group is NOK.

#### ***Development***

Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. These costs mainly consist of salaries, consultancy costs and costs from manufacturing related to development of hardware. Otherwise, the costs are expensed as incurred. Capitalized development costs are amortized linearly over their useful life. If carrying value exceeds the estimated future economic benefit, the asset is written down to reflect the higher of useful life and fair value.

### ***Inventories***

Inventories are recognized at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the necessary cost of completion of the goods if they are categorized as Goods-in-process. Goods sold are calculated using the FIFO method and includes the costs incurred in acquiring the goods. Devices returned from customers under the warranty (replacement), or free return period is sent to manufacturer for refurbishment. Devices that cannot be repaired by manufacturer are scrapped. Provisions for replacements are calculated based on statistical data. Costs associated with refurbishment of devices is expensed once occurred.

### ***Income tax***

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% of the temporary differences that exist between book value and tax value, as well as tax loss carry-forwards at the close of the financial year. Deferred tax assets are recorded on the balance sheet when it is likely that the tax assets will be utilized.

### ***Balance sheet classifications***

Current assets and short-term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets/long-term liabilities. Current assets are valued at the lower of cost and fair value. Short-term and long-term liabilities are recognized at nominal value when the liability occurs. Fixed assets are valued at cost, less depreciation and impairment losses.

### ***Accounts receivable and other receivables***

Accounts receivable and other current receivables are recorded on the balance sheet at fair value. Provisions for losses are recognized when there are clear indications of credit losses occur.

### ***Use of estimates***

The management applies estimates and assumptions where uncertainties exist. Financial captions including estimates are intangible assets, provisions, and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

### ***Property, plant and equipment***

Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life-time.

### ***Current liabilities***

Current liabilities are recorded on the balance sheet at fair value or amortised cost. Provisions of returns and replacements are based on statistical data.

### ***Cash flow statement***

The cash flow statement is presented using the indirect method.

## Note 2 – Revenue

By business area	2021	2020
Sales of devices and accessories	2 666 252 568	1 214 283 385
Sale of subscriptions and other revenue	9 312 844	298 931
<b>Total</b>	<b>2 675 565 412</b>	<b>1 214 582 316</b>

Geographical distribution	2021	2020
North America	1 414 853 663	558 707 865
Europe	1 005 239 218	595 145 335
Asia and Oceania	255 472 531	60 729 116
<b>Total</b>	<b>2 675 565 412</b>	<b>1 214 582 316</b>

## Note 3 – Public grants

The company has received approval of two "SkatteFUNN" projects for the period of 2021-2023. For 2021 the sum of the funding for the projects is 4 750 000 NOK. Of this amount, 2 900 585 NOK is posted as a reduction of costs, chiefly salaries, and other operating expenses and 1 849 415 NOK has reduced capitalised development and will be recognised through reduced depreciations.

## Note 4 – Personnel costs

Salary and personnel costs	2021	2020
Salaries	147 566 928	72 741 858
Payroll tax	21 362 869	12 496 948
Pension costs	17 100 862	8 079 630
Other benefits	4 461 477	2 624 423
<b>Total</b>	<b>190 492 135</b>	<b>95 942 860</b>

Average full-time employees	189	114
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Salary to CEO	2021	2020
Salaries	3 342 864	1 501 911
Other benefits	1 203 883	983
<b>Total</b>	<b>4 546 747</b>	<b>1 502 894</b>

Salaries to CEO above include bonus elements designed to address incentive misalignment through significant personal taxation depending of the taxable valuation of reMarkable AS and reMarkable Holding AS. Agreed salary for 2021 is NOK 2 950 000. The CEO of reMarkable AS, like other employees, receives a 7% pension in addition to their salary. The board does not receive any compensation.

***Bonus and share-based payments***

The group invites employees of reMarkable AS to invest in the group. The purpose is to give employees the opportunity to participate in the value creation of reMarkable AS. All employees of reMarkable AS and individuals who have signed employment with reMarkable AS are eligible to invest. The employee's investment per round is limited by a share of their annual salary. The shares are purchased with an adjustment to reflect a Fair Market Value because of the restrictions accompanying the shares.

No loans or guarantees have been provided to the CEO, the Chairman of the Board, or other related parties.

***Auditor***

Auditors' fees are divided into NOK 925 944 in statutory audit, NOK 3 256 589 for additional services and NOK 158 000 for other attestations. VAT not included.

## Note 5 – Pensions

Within the group, reMarkable AS is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension. The company's pension scheme meets the requirements of that law.

## Note 6 – Financial income and expenses

	2021	2020
<b>Financial income</b>		
Interest income	30 432	61 614
Financial income (agio)	37 203 353	23 466 042
Other financial income		0
<b>Total financial income</b>	<b>37 233 785</b>	<b>23 527 657</b>
<b>Financial expenses</b>		
Interest expenses	(3 470 468)	(1 152 462)
Financial expenses (disagio)	(71 185 990)	(64 768 505)
Other financial expenses	(513 686)	0
<b>Total financial expenses</b>	<b>(75 170 144)</b>	<b>(65 920 967)</b>

Financial income and financial expenses primarily consist of agio/disagio. Balance sheet items in foreign currency were converted to NOK with the exchange rate per 31.12.2021.

Currency fluctuations represent both a direct and an indirect financial risk for the group. To mitigate currency risk, the company has established various bank accounts for currencies that compose large portions of cash flows. Supplier invoices in foreign currencies are largely paid off with the respective accounts, minimizing the need for conversion and providing a natural hedge to currency fluctuations.



## Note 7 – Income taxes

Income tax expense	2021	2020
<b>Tax base calculation</b>		
Net result before income tax	202 105 456	47 389 258
Permanent differences	6 430 045	(4 768 375)
Change in temporary differences	(3 496 751)	
Group tax impact provided group contribution	1 756 422	28 433 244
Loss carry-forwards	0	(58 609 312)
<b>Tax base</b>	<b>206 795 172</b>	<b>12 444 815</b>
Payable tax	45 482 354	2 889 505
Changes in deferred tax	362 414	6 638 734
Other changes	(6 600)	0
<b>Tax cost in P&amp;L</b>	<b>45 838 168</b>	<b>9 376 593</b>
Payable tax on this year's result	45 482 354	2 889 505
Tax on group contribution	(2 831 201)	(151 646)
<b>Tax payable</b>	<b>42 651 153</b>	<b>2 737 859</b>
Calculation of effective tax rate		
Calculated tax on profit before tax with 22%	44 463 200	10 590 569
Tax effect of permanent differences	1 414 610	(1 049 054)
Other changes	(39 642)	0
<b>Total calculated tax expense</b>	<b>45 838 168</b>	<b>9 541 515</b>
Effective tax rate	22,7 %	19,8 %

The company is entitled to public grants through «SkatteFUNN» of NOK 4 750 000. The amount will reduce taxes payable correspondingly.

### Temporary differences – Deferred tax asset

Deferred tax asset on the balance sheet is allocated based on differences between accounting and tax-related values according to the Norwegian accounting standard for tax. Temporary tax-increasing and tax-reducing differences that can be offset are posted net.

Temporary differences are related to short-term debt and mainly consist of provisions.

Reconciliation of deferred tax	2021	2020	Change
Fixed assets	(1 978 041)	(100 583)	1 877 457
Inventory	(568 775)	(4 798 442)	(4 229 667)
Other	0	(379 600)	(379 600)
Accumulated loss	(285 370)	(168 171)	117 199
Short term debt	(29 400 861)	(30 662 601)	(1 201 740)
<b>Net differences</b>	<b>(32 233 047)</b>	<b>(35 729 798)</b>	<b>(3 496 751)</b>
Not included in DTA	(1 849 415)	0	1 849 215
<b>Deferred tax asset base</b>	<b>(34 082 462)</b>	<b>(35 729 797)</b>	<b>(1 647 336)</b>
Deferred tax asset based on 22%	(7 498 142)	(7 860 556)	(362 414)

## Note 8 – Intangible assets

	Software	Patent	Development	Total
Acquisition cost at 01.01.21	1 087 910	233 563	104 551 441	105 872 914
Additions	0	0	70 741 037	70 741 037
Disposals	0	0		0
<b>Acquisition cost 31.12.21</b>	<b>1 087 910</b>	<b>233 563</b>	<b>175 292 478</b>	<b>176 613 951</b>
Accumulated amortization at 01.01.21	(434 977)	(48 659)	(23 553 086)	(24 036 722)
Accumulated amortization at 31.12.21	(488 643)	(72 015)	(58 583 705)	(59 144 363)
<b>Net carrying value at 31.12.21</b>	<b>599 267</b>	<b>161 548</b>	<b>116 708 773</b>	<b>117 469 588</b>
Amortization for the year	(53 666)	(23 356)	(35 030 619)	(35 107 641)
<b>Amortization plan</b>	<b>15 years</b>	<b>10 years</b>	<b>3-5 years</b>	

Development and Software are presented combined in the balance sheet with a carrying amount of 117 308 039.

Development costs are related to significant improvements made on existing products and development of new products, accessories and software. A total of 71 MNOK has been capitalized in developing costs for the year. Development consists of several projects with different amortization periods with useful life varies between 3-5 years, with exemption of software that has a useful life of 15 years based on the life span of the software. No write-downs are recognized.

## Note 9 – Tangible assets

Property, plant and equipment	Machinery and equipment	Office lease	Total
Acquisition cost at 01.01.21	3 458 339	0	3 458 339
Additions	2 065 324	15 978 633	18 043 957
<b>Acquisition cost 31.12.21</b>	<b>5 523 663</b>	<b>15 978 633</b>	<b>21 502 296</b>
Accumulated depreciation 01.01.21	(381 549)	0	(381 549)
Accumulated depreciation 31.12.21	(1 329 292)	(1 323 214)	(2 652 506)
<b>Net carrying value at 31.12.21</b>	<b>4 194 371</b>	<b>14 655 419</b>	<b>18 849 790</b>
Depreciation for the year	(947 743)	(1 323 214)	(2 270 957)
<b>Depreciation plan</b>	<b>3-5 years</b>	<b>3 years</b>	

There was no impairment loss, reversal of impairment or change in depreciation plan for machinery and equipment during the year. Office lease relates to improvements to rented office area at Thorvald Meyers gate in Oslo. The additions are depreciated over current contract period.

## Note 10 – Liabilities

	2021	2020
<b>Long term liabilities (more than five years maturity)</b>	<b>0</b>	<b>0</b>
<b>Secured debts</b>	<b>0</b>	<b>0</b>
<b>Short term liabilities</b>		
Utilized Supply Chain Financing	208 500 445	46 778 178
<b>Total</b>	<b>208 500 445</b>	<b>46 778 178</b>
<b>Pledged assets</b>		
Inventories	300 000 000	80 000 000
Accounts receivable	300 000 000	80 000 000
Office equipment	300 000 000	80 000 000
Bank	14 670 001	
<b>Total</b>	<b>914 670 001</b>	<b>240 000 000</b>

Pledged assets are collateral for 25 MUSD Supply Chain Financing, revolving credit of 50 MNOK and guarantee to landlord for office space of 7 MNOK. The guarantee expires upon termination of the lease agreement, no later than 31.05.2024. In addition, the company has a total of 4,1 MNOK in deposit for office- and retail space.

## Note 11 – Rental agreements and leasing

reMarkable AS has operational lease agreements. The office lease terms are over five years and can be terminated at the earliest after 3 years. Tenant adjustments are paid down over office rent, and in case of early vacancy it is settled in full. Outstanding tenant adjustments 31.12.2021 was 1.2 MNOK. The lease agreement has no restrictions on the company's dividend policy or financing options. Leasing of furniture and fixtures and IT equipment is over 3 years.

The lease cost consist of:

	2021	2020
Office space	14 603 891	6 641 283
Furniture and fixtures and IT equipment	10 886 720	2 522 754
<b>Carrying value</b>	<b>25 490 611</b>	<b>9 164 037</b>

Overview of future minimum lease:

	Office space
Within 1 year	10 439 728
1 to 5 years	9 299 000
After 5 years	0
<b>Future minimum lease</b>	<b>19 738 728</b>

The office lease agreement for Villa Bierman could be terminated January 2022 at the earliest. The lease agreement for Thorvald Meyers gate expires in August 2023, with a potential option of two years. The lease of furniture and fixtures and IT-equipment is on average due within approximately two years. The company does not have any financial leasing agreements.

## Note 12 – Inventories

	2021	2020
Goods-in-process	26 802 201	33 005 671
Finished goods	285 064 685	4 957 388
<b>Total</b>	<b>311 866 886</b>	<b>37 963 059</b>

Devices, which is the product with highest value, that are returned by customers are sent to the supplier for refurbishment. Goods that are categorized as repairable by supplier are valued at acquisition cost as these goods can be refurbished and sold for more than cost of acquisition and refurbishment. These goods are included in "Finished goods". Cost of refurbishment is expensed as costs when occurred as these costs are difficult to link to products when using FIFO (first in, first out) principle for valuing inventory. Returned goods that are deemed as not repairable by manufacturer are scrapped and written down to zero value.

"Goods-in-process" includes mainly components that are in ownership of reMarkable as of 31.12.

## Note 13 – Bank deposits

	2021	2020
Restricted deposits	17 282 226	10 893 102
Other bank deposits	620 171 456	277 129 462
<b>Total bank deposit</b>	<b>637 453 682</b>	<b>288 022 564</b>

## Note 14 – Share capital and other shareholder information

reMarkable Holding AS has 7 352 924 shares with a nominal value of 0.35 NOK, which gives a total of 2 573 523 NOK. reMarkable Holding AS has two classes of shares, Common Shares and Preferred A Shares. Preferred A Shares were introduced in 2019 when Spark Capital, an American venture capital firm, invested 15 MUSD. Spark Capital is the only investor holding these shares.

No difference in voting rights between the share classes is stipulated in the articles of association. In the event of either an exit or liquidation, dissolution or winding up, the Preferred A Shares give rights the common shareholders do not have. In these matters the holders of Preferred Shares are entitled to the highest value of the price they paid per share, plus any dividends declared but unpaid, or the price corresponding to Common Shares. All remaining amounts will be distributed among the Common Shares in proportion to their respective holding of Common Shares in the Company. Further, shareholders with Preferred A Shares have certain rights when it comes to anti-dilution and protective rights related to investor majority consent. These rights are defined in the Shareholders Agreement.

Per 31.12.2021 the CEO and Chairman of the board, Magnus Haug Wanberg via SMHW AS owns 2 341 966 shares. This corresponds to an ownership interest of 31,85%. For information on salaries and other remuneration to the board and the CEO, see note 4. The company's other board members, Marius Juul Møller via Investisol AS and Kevin Tau via Spark Capital, own 1 083 700 (14.74%) and 989 224 (13.46%) shares respectively. Spark Capital has invested through Spark Capital V. LP (13.3% ownership) and Spark Capital Founders' Fund V. LP (0.16% ownership).

## Main shareholders of reMarkable Holding AS at 31.12.2021:

Shareholder	Number of Common Shares	Number of Preferred A Shares	Stake
SMHW AS	2 341 966		31.85%
Investisol AS	1 083 700		14.74%
Spark Capital (V.LP and Founders' Fund V.LP)		989 224	13.46%
Setra Holding AS	750 000		10.20%
RMFF Holding 1 AS	397 300		5.40%
Founders Fund I AS	389 800		5.30%
Stratel AS	199 000		2.71%
Herdning Holding AS	174 800		2.38%
Nous Holding AS	174 800		2.38%
Startuplab AS	128 200		1.74%
Dragev Invest AS	87 700		1,19 %
Heidem Holding AS	84 600		1,15 %
reMarkable Holding AS	83 794		1,14 %
<b>Total</b>	<b>5 895 660</b>	<b>989 224</b>	<b>93,48%</b>
Others (percent ownership < 1%)	468 040	0	6,52%
<b>Total number of shares</b>	<b>6 363 700</b>	<b>989 224</b>	<b>100.0%</b>

## Note 15 – Equity

Specification of Equity	Issued capital	Treasury shares	Share pre- mium	Other equity	Retained earnings	Non-controlling interests	Total
Equity, 01.01.2021	2 563 857	0	196 028 741	7 964 151	3 810 863	1 407 908	211 775 520
Share issue	9 667	(1 085)	7 976 268	15 575 015	0	471 888	24 031 754
Share swap RESHI*	0	(29 328)	(40 062 793)	27 627 821	0	0	(12 464 300)
Re- classes equity	0	0	0	15 008 948	0	0	15 008 948
Net Income	0	0	0	0	156 267 287	0	156 267 287
Equity adjustment NCI	0	0	0	0	(1 605 584 )	1 605 584	0
<b>Equity 31.12.21</b>	<b>2 573 523</b>	<b>(30 413)</b>	<b>163 942 216</b>	<b>66 175 935</b>	<b>158 472 566</b>	<b>3 485 380</b>	<b>394 619 208</b>

Other equity is majorities share of capital from a fundraising round for employees and adjustment for carrying amount of reMarkable Holding AS in \*reMarkable Employee Share Holding I AS as part of share swap of reMarkable Invest AS shares. See reMarkable Employee Share Holding I AS for additional explanation.

## Movements in Non-controlling interests

	2021
Balance, 01.01.2021	1 407 908
Equity adjustment reMarkable Employee Share Holding I AS	471 888
Profit (loss) allocated to Non-controlling interests	1 605 584
<b>Non- controlling interests as of 31.12.2021</b>	<b>3 485 380</b>

## Note 16 – Account receivables

Account receivables mainly consist of receivables from retail distributor.

## Note 17 – Other short-term receivables

Other-short term receivables mainly consist of public grants from SkatteFUNN and reserves kept by payment providers for goods sold. Receivables from sales paid by customers through payment gateways compose of 34 MNOK.

## Note 18 – Other short-term liabilities

Other short- term liabilities mainly consist of accrued costs of 277 MNOK at year end, where shipping cost and marketing cost make up the majority. In addition, personnel cost makes up 39 MNOK. Other short- term liabilities also consists of provisions for returns and replacements, see Note 19.

## Note 19 – Provisions for liabilities and returns

The company relies on prescriptive consumer legislation regarding defective goods in the various markets in which we operate. In addition, all consumers are offered a 1-year guarantee on regular products sold and 100 day return and 3 year guarantee for those who sign up with Connect (subscription service).

Guarantee commitment is based on sales, estimates and historical replacement rate. Provision for replacements and returns amounts to 29 MNOK.

## Note 20 – Advance from customers

Prepayments from customers consist of funds from orders made in 2021 that had not yet been fulfilled by 31.12.2021. These orders were fulfilled and booked as revenue in January 2022.

## Note 21 – Financial fixed assets

Financial fixed assets consist of 4.1 MNOK in deposits related office space.

# Income statement

## reMarkable Holding AS

	Note	2021	2020
Other operating expenses	10	(1 669 316)	(552 285)
<b>Sum operating expenses</b>		<b>(1 669 316)</b>	<b>(552 285)</b>
<b>Result of operations</b>		<b>(1 669 316)</b>	<b>(552 285)</b>
Income from investment in subsidiary	3,9	12 869 096	689 300
Interest income	3	0	864
Financial income	3	93	0
<b>Total financial income</b>		<b>12 869 189</b>	<b>690 146</b>
Financial expense	3	0	(81)
<b>Total financial expenses</b>		<b>0</b>	<b>(81)</b>
<b>Net financial items</b>		<b>12 869 189</b>	<b>690 065</b>
<b>Net result before tax</b>		<b>11 199 873</b>	<b>137 780</b>
Tax on ordinary result	4	(2 463 972)	(30 311)
<b>Net income</b>		<b>8 735 901</b>	<b>107 469</b>
<b>Transfers</b>			
Group contribution from subsidiary		0	537 654
Retained earnings	6	8 712 501	0
Uncovered losses	6	23 400	(430 185)
<b>Total transfers and allocations</b>		<b>8 735 901</b>	<b>107 469</b>



# Balance sheet

## reMarkable Holding AS

	Note	2021	2020
<b>Non- current assets</b>			
<b>Intangible assets</b>			
Deferred tax assets	4	0	2 463 972
<b>Total intangible assets</b>		<b>0</b>	<b>2 463 972</b>
Investments in other group companies	8	149 482 458	189 096 829
<b>Total financial fixed assets</b>		<b>149 482 458</b>	<b>189 096 829</b>
<b>Total non- current assets</b>		<b>149 482 458</b>	<b>191 560 801</b>
<b>Receivables</b>			
Other short-term receivables		325 478	30 198
Group receivables	9	14 281 048	2 018 307
<b>Total receivables</b>		<b>14 606 526</b>	<b>2 048 505</b>
Bank deposits	5	11 850 992	12 112 858
<b>Total bank deposits</b>		<b>11 850 992</b>	<b>12 112 858</b>
<b>Total current assets</b>		<b>26 457 518</b>	<b>14 161 363</b>
<b>Total assets</b>		<b>175 939 976</b>	<b>205 722 164</b>

# Balance sheet

## reMarkable Holding AS

	Note	2021	2020
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital	6,7	2 573 523	2 563 857
Treasury shares	6	(29 328)	0
Share premium reserve	6	163 942 216	195 764 636
Other capital	6	0	7 243 640
<b>Total paid-in capital</b>		<b>166 486 412</b>	<b>205 572 133</b>
<b>Retained earnings</b>			
Uncovered loss	6	0	(23 400)
Retained earnings	6	8 712 501	0
<b>Total retained earnings</b>		<b>8 712 501</b>	<b>(23 400)</b>
<b>Total equity</b>		<b>175 198 914</b>	<b>205 548 733</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable		270 893	131 931
Other short-term liabilities	9	470 170	41 500
<b>Total current liabilities</b>		<b>741 063</b>	<b>173 431</b>
<b>Total liabilities</b>		<b>741 063</b>	<b>173 431</b>
<b>Total equity and liabilities</b>		<b>175 939 976</b>	<b>205 722 164</b>

Oslo, March 31th, 2022



Magnus Haug Wanberg  
CEO and Chairman of the Board



Kevin Thau  
Board Member



Marius Juul Møller  
Board Member

# Cash flow statement

## reMarkable Holding AS

	Note	2021	2020
<b>Cash flow from operating activities</b>			
Gains before tax		11 199 873	137 780
Changes in accounts payable		537 632	113 181
Changes in other receivables		869 726	(672 469)
Changes in other accruals		(12 869 096)	0
<b>Net cash flow from operating activities</b>		<b>(261 865)</b>	<b>(421 508)</b>
<b>Cash flow from investment activities</b>			
Establishment of subsidiary, share capital		0	(35 000)
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>(35 000)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of share capital		0	12 464 300
Group contribution to subsidiary company		0	0
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>12 464 300</b>
Net change in cash and cash equivalents		(261 865)	12 007 792
Cash and cash equivalents at the period's beginning		12 112 858	105 066
<b>Cash and cash equivalents at the period's end</b>		<b>11 850 992</b>	<b>12 112 858</b>

# Notes

## reMarkable Holding AS

### Note 1 – Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The Group reports as an "other enterprise".

#### ***Income tax***

The tax expense consists of changes to deferred tax. Deferred tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% of the temporary differences that exist between book value and tax values, as well as tax loss carry-forwards at the close of the financial year. Deferred tax assets are recorded on the balance sheet when it is likely that the tax assets will be utilized.

#### ***Balance sheet classifications***

Current assets and short-term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as fixed assets/long-term liabilities.

#### ***Other short-term receivable***

Other short-term receivables are recorded on the balance sheet at nominal value and consists of prepayment to suppliers.

#### ***Use of estimates***

The management has used estimates and assumptions that have affected assets and expenses in accordance with generally accepted accounting principles in Norway. None of the lines in the accounts are subject to significant estimation uncertainty.

#### ***Subsidiaries and investments in associates***

The investment is valued as cost of the shares in the subsidiary, less any impairment losses.

#### ***Cash flow statement***

The cash flow statement is presented using the indirect method.

### Note 2 – Personnel costs and pension

The company does not have any employees or personnel cost. No payments were made to the CEO or members of the board. The company is not required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension.

## Note 3 – Financial income and expenses

<b>Financial income</b>	<b>2021</b>	<b>2020</b>
Group contribution from investment in subsidiary	12 869 096	689 300
Interest income	0	864
Financial income (agio)	93	0
<b>Total financial income</b>	<b>12 869 189</b>	<b>690 146</b>
<b>Financial expenses</b>		
Financial expenses (disagio)	0	(81)
<b>Total financial expenses</b>	<b>0</b>	<b>(81)</b>

## Note 4 – Income taxes

<b>Income tax expense</b>	<b>2021</b>	<b>2020</b>
<b>Tax base calculation</b>		
Net result before income tax	11 199 873	137 780
Permanent differences	(11 169 873)	0
Change in temporary differences	(30 000)	5 000
Loss carry-forwards	0	(142 780)
<b>Tax base</b>	<b>0</b>	<b>0</b>
Payable tax	0	0
Changes in deferred tax	(2 463 972)	(30 311)
<b>Tax cost in P&amp;L</b>	<b>(2 463 972)</b>	<b>(30 311)</b>
Payable tax on this year's result	0	0
<b>Tax payable</b>	<b>0</b>	<b>0</b>

<b>Reconciliation of deferred tax</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Other differences	0	(30 000)	(30 000)
<b>Deferred tax asset base</b>	<b>0</b>	<b>(30 000)</b>	<b>(30 000)</b>
Deferred tax asset based on 22%	0	(6 600)	(6 600)
Tax loss carry- forward from restructure 2018	0	(2 457 372)	(2 457 372)
Deferred tax asset based on 22%	0	(2 463 972)	(2 463 972)

### Temporary differences – Deferred tax asset

Deferred tax asset on the balance sheet is allocated based on differences between accounting and tax-related values according to the Norwegian accounting standard for tax. Temporary tax-increasing and tax-reducing differences that can be offset are posted net.

## Note 5 – Bank deposits

The company has 12 MNOK as bank deposits and there are no restrictions to these funds.

## Note 6 – Equity

Specification of Equity	Issued capital including treasury shares	Share premium	Other paid-in capital	Retained earnings	Total
Equity, 01.01.2021	2 563 857	195 764 636	7 243 640	(23 400)	205 548 733
Share issue	9 667	8 240 373	(7 243 640)	0	1 006 400
Share swap RESHI AS*	(29 328)	(40 062 793)	0	0	(40 092 121)
Net Income	0	0	0	8 735 901	8 735 901
<b>Equity, 31.12.21</b>	<b>2 544 196</b>	<b>163 942 216</b>	<b>0</b>	<b>8 712 502</b>	<b>175 198 913</b>

Share issues relates to in-kind contribution of reMarkable AS shares to reMarkable Invest AS. The share swap included a transfer of reMarkable Invest AS shares to \*reMarkable Employee Share Holding I AS (RESHI AS) in return for treasury shares in reMarkable Holding AS. See note 8. 1 480 of the shares issued during 2021 represents capital increase that was registered 3rd January 2022. This reflects 518 NOK of issued capital.

## Note 7 – Share capital and shareholder information

reMarkable Holding AS has 7 352 924 shares with a nominal value of 0.35 NOK, which gives a total of 2 573 523 NOK. reMarkable Holding AS has two classes of shares, Common Shares and Preferred A Shares. Preferred A Shares were introduced in 2019 when Spark Capital, an American venture capital firm, invested 15 MUS\$D. Spark Capital is the only investor holding these shares.

No difference in voting rights between the share classes is stipulated in the articles of association. In the event of either an exit or liquidation, dissolution or winding up, the Preferred A Shares give rights the common shareholders do not have. In these matters the holders of Preferred Shares are entitled to the highest value of the price they paid per share, plus any dividends declared but unpaid, or the price corresponding to Common Shares. All remaining amounts will be distributed among the Common Shares in proportion to their respective holding of Common Shares in the Company. Further, shareholders with Preferred A Shares have certain rights when it comes to anti-dilution and protective rights related to investor majority consent. These rights are defined in the Shareholders Agreement.

### Main shareholders of reMarkable Holding AS at 31.12.2021:

Shareholder	Number of Common Shares	Number of Preferred A Shares	Stake
SMHW AS	2 341 966		31.85%
Investisol AS	1 083 700		14.74%
Spark Capital (V.LP and Founders' Fund V.LP)		989 224	13.46%
Setra Holding AS	750 000		10.20%
RMFF Holding 1 AS	397 300		5.40%
Founders Fund I AS	389 800		5.30%
Stratel AS	199 000		2.71%
Herdning Holding AS	174 800		2.38%
Nous Holding AS	174 800		2.38%
Startuplab AS	128 200		1.74%
Dragev Invest AS	87 700		1,19 %
Heidem Holding AS	84 600		1,15 %
reMarkable Holding AS	83 794		1,14 %
<b>Total</b>	<b>5 895 660</b>	<b>989 224</b>	<b>93,48%</b>
Others (percent ownership < 1%)	468 040	0	6,52%
<b>Total number of shares</b>	<b>6 363 700</b>	<b>989 224</b>	<b>100.0%</b>

Per 31.12.2021 the CEO and Chairman of the board, Magnus Haug Wanberg via SMHW AS owns 2 341 966 shares. This corresponds to an ownership interest of 31,85%. For information on salaries and other remuneration to the board and the CEO, see note 2. The company's other board members, Marius Juul Møller via Investisol AS and Kevin Tau via Spark Capital, own 1 083 700 (14.74%) and 989 224 (13.46%) shares respectively. Spark Capital has invested through Spark Capital V. LP (13.3% ownership) and Spark Capital Founders' Fund V. LP (0.16% ownership).

## Note 8 – Investment in subsidiaries

<b>Movements in investments</b>				<b>2021</b>
Balance, 01.01.2021				189 096 829
In- kind contribution of reMarkable AS shares to reMarkable Invest AS				Net 0
Share swap - Holding received treasury shares from RESHI AS* against Invest shares at book value				(39 864 323)
Share increase *reMarkable Employee Share Holding I AS				249 952
<b>Investment 31.12.2021</b>				<b>149 482 458</b>
<b>Company</b>	<b>Location</b>	<b>Share ownership/ voting rights</b>	<b>Equity 31.12.21</b>	<b>Results 2021</b>
reMarkable Invest AS	Oslo, Norway	98,21%	212 432 876	0
reMarkable Employee Share Holding I AS	Oslo, Norway	42,586% / 67%	63 650 397	(68 016)

Investments in reMarkable Invest AS and reMarkable Employee Share Holding I AS (RESHI AS) are recognised at cost. No impairment is recognised. reMarkable Invest AS was established at the end of 2021 for the purpose of holding 100% of the shares in reMarkable AS and issue shares to RESHI AS as part of the employee share purchase program. reMarkable Holding AS is the ultimate parent company and owns the majority of reMarkable Invest AS with RESHI AS as minority owner. reMarkable Holding transferred their shares in reMarkable Invest AS through in- kind contribution following a share swap where reMarkable Holding's shares in reMarkable Invest AS were transferred at cost to RESHI AS, in return for treasury shares in reMarkable Holding AS.

## Note 9 – Intercompany balances with group companies and associates

	<b>2021</b>	<b>2020</b>
reMarkable AS	14 281 048	2 010 727
reMarkable Employee Share Holding I AS	(440 170)	7 580

The intercompany positions as of 31.12. mainly consist of group contribution from reMarkable AS to reMarkable Holding AS. Other positions are outstanding from transactions.

## Note 10 – Other operating expenses

### Auditor

Auditor's fees for statutory audit are NOK 46 585 and NOK 265 720 for other services, excl. VAT.

	<b>2021</b>	<b>2020</b>
Audit fees	312 305	97 401
Accounting fees	58 036	109 981
Legal fees	1 297 775	122 963
Insurance	0	136 667
Other fees	1 200	85 273
<b>Total other operating expenses</b>	<b>1 669 316</b>	<b>552 285</b>