



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	921 496 346
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	REMARKABLE HOLDING AS
Forretningsadresse:	Biermanns gate 6 0473 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Magnus Wanberg
Dato for fastsettelse av årsregnskapet:	26.03.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.08.2023



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad			
Annen driftskostnad		777 521	6 875
Sum kostnader		777 521	6 875
Driftsresultat		-777 521	-6 875
Finansinntekter og finanskostnader			
Annen renteinntekt		3 287	29
Annen finansinntekt		728 993	
Sum finansinntekter		732 280	29
Annen finanskostnad		115 693	
Sum finanskostnader		115 693	
Netto finans		616 587	29
Ordinært resultat før skattekostnad		-160 934	-6 846
Skattekostnad på ordinært resultat	2	-35 405	-1 506
Ordinært resultat etter skattekostnad		-125 529	-5 340
Årsresultat		-125 529	-5 340
Overføringer og disponeringer			
Udekket tap		-125 529	-5 340
Sum overføringer og disponeringer		-125 529	-5 340



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3	2 494 283	2 458 878
Sum immaterielle eiendeler		2 494 283	2 458 878
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	1	189 061 829	58 888 253
Sum finansielle anleggsmidler		189 061 829	58 888 253
Sum anleggsmidler		191 556 112	61 347 131
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		136 667	
Sum fordringer		136 667	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	4	105 066	988 702
Sum bankinnskudd, kontanter og lignende		105 066	988 702
Sum omløpsmidler		241 733	988 702
SUM EIENDELER		191 797 845	62 335 833
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	5, 7, 8, 9	2 539 016	2 188 824
Overkurs	5	188 845 773	60 115 474
Sum innskutt egenkapital		191 384 789	62 304 298



Balanse

Beløp i: NOK	Note	2019	2018
Opptjent egenkapital			
Udekket tap	5	130 868	5 340
Sum opptjent egenkapital		-130 868	-5 340
 Sum egenkapital	5	 191 253 920	 62 298 958
 Sum langsiktig gjeld		 0	 0
 Kortsiktig gjeld			
Leverandørgjeld		18 750	
Annen kortsiktig gjeld		525 175	36 875
Sum kortsiktig gjeld		543 925	36 875
 Sum gjeld		 543 925	 36 875
 SUM EGENKAPITAL OG GJELD		 191 797 845	 62 335 833



Konsernets resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	368 835 769	85 790 207
Sum inntekter		368 835 769	85 790 207
Kostnader			
Varekostnad		219 644 100	49 769 868
Lønnskostnad	4, 17	52 952 112	6 560 779
Avskrivning på varige driftsmidler og immaterielle eiendeler	7, 8	6 302 796	430 973
Nedskrivning av varige driftsmidler og immaterielle eiendeler		1 018 384	
Annen driftskostnad	3, 4, 12	117 913 169	35 873 437
Sum kostnader		397 830 561	92 635 057
Driftsresultat		-28 994 792	-6 844 850
Finansinntekter og finanskostnader			
Annen renteinntekt	5	64 858	45 240
Annen finansinntekt	5	6 334 925	363 560
Sum finansinntekter		6 399 783	408 799
Annen rentekostnad	5	1 608 775	420 315
Annen finanskostnad	5	7 168 608	1 501 419
Sum finanskostnader		8 777 384	1 921 734
Netto finans		-2 377 601	-1 512 935
Ordinært resultat før skattekostnad		-31 372 392	-8 357 786
Skattekostnad på ordinært resultat	6	-7 978 051	-1 415 606
Ordinært resultat etter skattekostnad		-23 394 341	-6 942 180
Årsresultat		-23 394 341	-6 942 180
Årsresultat etter minoritetsinteresser		-23 394 341	-6 942 180



Konsernets balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	3, 7	53 587 955	16 568 156
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	7	208 260	231 617
Utsatt skattefordel	6, 19	14 499 290	8 978 611
Sum immaterielle eiendeler		68 295 505	25 778 384
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	8	176 093	120 782
Sum varige driftsmidler		176 093	120 782
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	9	0	
Sum finansielle anleggsmidler		0	
Sum anleggsmidler		68 471 599	25 899 165
Omløpsmidler			
Varer			
Varer	11, 13	13 229 472	35 063 411
Sum varer		13 229 472	35 063 411
Fordringer			
Kundefordringer		127 773	47 041
Andre fordringer		18 428 544	15 085 916
Konsernfordringer		0	
Sum fordringer		18 556 317	15 132 957
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	11, 14	165 642 199	51 729 434
Sum bankinnskudd, kontanter og lignende		165 642 199	51 729 434
Sum omløpsmidler		197 427 988	101 925 803
SUM EIENDELER		265 899 587	127 824 968



Konsernets balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	15, 16	2 539 016	2 188 824
Overkurs	16	189 109 878	60 379 579
Annen innskutt egenkapital		0	
Sum innskutt egenkapital		191 648 894	62 568 402
Opptjent egenkapital			
Udekket tap	16	32 793 894	6 942 180
Sum opptjent egenkapital		-32 793 894	-6 942 180
Sum egenkapital	19	158 855 000	55 626 223
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	11		40 000 000
Sum annen langsiktig gjeld			40 000 000
Sum langsiktig gjeld		0	40 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		20 066 238	
Leverandørgjeld		42 560 875	13 477 234
Skyldige offentlige avgifter		8 515 029	2 440 116
Annen kortsiktig gjeld	10	35 902 445	16 281 396
Sum kortsiktig gjeld		107 044 587	32 198 745
Sum gjeld		107 044 587	72 198 745
SUM EGENKAPITAL OG GJELD		265 899 587	127 824 968



Skatteetaten

Vår dato
28 10 2019

Din/Deres dato
16 09 2019

Saksbehandler
Katenna Stepanenko

800 80 000
Skatteetaten no

Din/Deres referanse

Telefon
94523587

Org nr
974761076

Vår referanse
2019/6442743

Postadresse
Postboks 9200 Grønland
0134 OSLO

REMARKABLE AS
Biermanns gate 6
0473 OSLO

Att: Frøydis Hoistad

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres henvendelse mottatt 16. september 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

reMarkable AS	org.nr. 917 352 836
reMarkable Holding AS	org.nr. 921 496 346

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

reMarkable AS er heleid av reMarkable Holding AS, som igjen eies av ulike investorer med ulik størrelse og ulik nasjonalitet. reMarkable Holding AS har et utenlandsk styremedlem og alle styremøter i konsernet foregår på engelsk. reMarkable Holding AS og reMarkable AS driver virksomhet innen teknologibransjen. All drift skjer hos reMarkable AS. Kun 5 % av kundene kommer fra Norge. I forbindelse med forhandlinger med leverandører blir selskapet ofte bedt om å vise regnskapet. Disse leverandørene er i all hovedsak utenlandske.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Made with Scanner for Me



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet har utenlandske investorer og et utenlandsk styremedlem. Videre er det vektlagt at alle styremøter foregår på engelsk og sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Katerina Stepanenko
spesialrevisor
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

reMarkable Holding AS

Annual report 2019 **reMarkable Holding AS**

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reMarkable Holding AS, org. nr. 921 496 346

Directors' report

Operations and locations

The reMarkable group consist of reMarkable Holding AS and reMarkable AS. reMarkable Holding AS is the parent company and owns 100% of reMarkable AS. 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. Both companies are Norwegian and the group is located 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", a device that provides an almost identi-

cal 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, endeavouring 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 reMarkable's own webshop represent the largest portion of total sales. Production is conducted primarily in China, with global distribution occurring from warehouses in Hong Kong.

Comments related to the financial statements

Since the group and reMarkable Holding AS was established in 2018 the income statement for the group for 2018 only consist of November and December. Therefore, the income statement for the group in 2019 is not comparable with 2018 numbers. To give a more accurate picture of the development in the group, 2019 numbers from the group's income statement are compared with 2018 numbers from reMarkable AS' income statement.

2019 was reMarkable's third year with production and sales. Revenues in 2019 were 369 MNOK, corresponding to an increase of 151 MNOK and 69% from reMarkable AS' revenue in 2018. This top-line growth is consistent with the group's growth strategy and projections. In addition to product improvement through software updates, this sales increase was also driven by multiple marketing activities initiated in 2019 and previous years.

The group's net income was -23 MNOK, down from -10 MNOK in reMarkable AS the year before. The decline in profit is mainly attributable to an increased cost base, stemming from personnel and other costs associated with reMarkable's long-term perspective on earnings. The two largest cost buckets are 'cost of goods sold' (COGS) and other operating expenses. COGS consist primarily of production cost of manufactured

goods, delivery and duties. These costs came to 220 MNOK in 2019, resulting in a gross profit of approximately 40%, down from 43% the year before. Other operating expenses, which primarily consist of sales and advertisement (S&A), was 118 MNOK. S&A, consisting chiefly of social media advertising, came to 78 MNOK and 21% of revenue. As a percentage of revenue, S&A is down 7 percentage points from the year before, indicating a reduction in customer acquisition cost. Margin, calculated by revenue less COGS and S&A, has almost doubled since 2018 and rose to 71 MNOK. This is a positive trend. Further, costs for third party advisors increased from 3 MNOK to 14 MNOK, up from 1% of revenue in 2018 to 4% of revenue in 2019. A large portion of these costs are related to initiatives with a long-term perspective on earnings and organizational optimization. Personnel costs were 53 MNOK, which is equal to 14% of reMarkable's revenue. This is 1 percentage point higher than last year. The increased cost is in-line with the increase in full-time equivalents from 40 in 2018, to 70 in 2019.

In addition to the costs mentioned above, another large bulk of expenses for 2019 is related to product development, which has been partially booked as intangible assets. Development expenses, consisting primarily of costs related to manufacturers, personnel, and



reMarkable Holding AS, org. nr. 921 496 346

consultants, totaled 44 MNOK and have been capitalized in accordance with the requirements for capitalization of development. Capitalized development in 2019 is expected to result in changes to the product portfolio over the coming years, and has primarily been determined to have a financial perspective of 3-5 years. Depreciation and amortization has increased as a share of revenue, due to a gradual build-up of intangible assets. Development is one of the group's core operations and is expected to generate value in the years to come.

Given reMarkable's age, the nature of industry, cash position, long-term growth strategy, and backing by financially strong owners, the net income of the year is in-line with expectations and considered satisfactory.

Total cash flow was 114 MNOK, and cash flow from operations was 49 MNOK. Total investments made by the group in 2019 were 44 MNOK, mainly connected to development. reMarkable's working capital position improved during 2019, primarily due to high-season sales, low inventory levels at year's end, and financing activities. In July 2019, reMarkable Holding AS went through a funding round with Spark Capital, an American Venture Capital firm. The group raised 129 MNOK (15 MUSD) that will be used to finance and scale reMarkable AS. In addition, the group had a minor fundraising for employees

with leading positions. As of 31.12.2019, 130 MNOK has been transferred to reMarkable AS as group contribution from reMarkable Holding AS. After the fundraising in July, reMarkable repaid a bullet loan of 40 MNOK to DNB in order to enter into a supply chain financing agreement with the bank instead. This financial instrument makes it possible to extend payment of manufactured goods for up to 90 days, up to 7 MUSD. This corresponds to approx. 61 MNOK per 31.12.2019. The group used supply chain financing on 20 MNOK worth of manufactured goods by year's end. Supply chain financing, in combination with equity, is considered a more logical financial setup for a consumer electronics company like reMarkable at this stage. Other measures were carried out in 2019 to improve working capital, including negotiating better payment terms with key suppliers in the supply chain.

Total current assets per December 31st 2019 amount to 197 MNOK, and the group's cash position amounts to 166 MNOK. The group has 4 MNOK in capital available in a bank overdraft facility, in addition to another 41 MNOK under the supply chain financing agreement. The group's current liabilities per December 31st 2019 amount to 107 MNOK, corresponding to 100% of total debt. Total capital at the end of the year was 266 MNOK, compared to 128 MNOK the year before. Total equity per December 31st 2019 was 159 MNOK. Equity ratio was 60% at year end, compared with 44% per December 31st, 2018.

Financial risk

Liquidity risk

reMarkable has a strong financial position per year's end, and instruments are in place to limit impact stemming from working capital. Since expenditure levels are relatively high, and the group has one primary revenue stream to rely on, changes in the cash position might occur. 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 put in place a long-term financial strategy, along with defining important milestones that need to be reached in order to ensure financing going forward.

Input factors

As a consumer electronics company reMarkable is exposed to the possibility of global shortages of production components. During the year, dedicated personnel for sourcing were hired and strategic measures have been taken to ensure access to critical production input factors. One such initiative is the establishment of 'risk buys', entailing the purchase of larger quantities of components with a particularly high risk of future inaccessibility. Availability of components is of high priority and subject to ongoing evaluation.

Directors' report reMarkable Holding AS

Market and credit risk

reMarkable's revenue is affected by the standard economic trends seen in sales, like Christmas sales and Black Week. However, after over two years in the market, the group is familiar with these trends and has improved its ability to forecast demand and ensure supply.

When it comes to competing products there are a few similar products in the 'paper tablet' category. However, the products that do exist have not succeeded to the same extent as reMarkable. As defined by reMarkable, the product category contains two key success criteria at this stage, delivering a paper-like experience, and offering a low enough price point. On both counts reMarkable continues to be the product category leader. reMarkable further increased its competitive advantage within the last year by making significant software improvements and reaching production volumes that secure lower costs of manufactured goods. In addition, reMarkable has also built up unique and solid customer insights, which combined with the group's technological expertise, continues to be important when it comes to maintaining its category leadership.

The risk of losses on receivables is considered low, as reMarkable AS's payment providers are solid companies and release funds continuously within 3-7 days after customer purchase. The group offers some customers credit on payment, but the risk of losses on receivables is held by the payment provider and reflected in the fees. The group conducts some invoice sales to business customers, but the main rule is upfront payment. In relation to increased focus on the B2B segment, the group will make ongoing assessments of the payment terms provided to business customers, 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 dealt with once occurred. Since the group's products are produced in China and are sold in the United States, among other places, the group could be impacted by the current trade war between China and the United States. Until now, reMarkable has not been significantly impacted, as the shipments sent from Hong Kong overwhelmingly fall below, in dollar value, the threshold required to trigger US sanctions for an individual package.

Furthermore, the group is exposed to currency risk, as only approximately 5% of revenue is in NOK. To reduce the financial risk as much as possible, the group has established bank accounts in the four different currencies that make up the largest amounts of sales. Using these accounts, the group is able to 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 with DNB for extended credit on 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, but this is subject to ongoing assessment.

A significant event finding place after the balance day is the global spread of the COVID-19 virus. Per March 2020 neither our supply chain nor other operational activities have been significantly affected by the COVID-19 virus. However, the situation is characterized by uncertainty and things are changing quickly. The management monitors the development of the virus closely and follows national actions taken by the government in order to combat the spread of COVID-19.



Directors' report reMarkable Holding AS

The group's prospects

The increase in revenue from 2018 to 2019 indicates that there is robust demand for the group's main product, which is very promising for future growth. Top-line growth will remain the primary strategic focus in the coming years, though an increasing focus will also be placed on profitability over the next 1-3 years. A part of this strategy involves developing a recurring revenue model with focus on software functionality in the coming years. The group has invested heavily in the continued development of its products, both software and hardware, during 2019 and will continue to make improvements going forward. In addition, reMarkable has built up a strong and flexible team, that has been increased by 45 employees during the year, 11 of whom work within product development.

The group expects growth in revenues to continue, as the business model is proven and capital-intensive investments that have been made, such as product development, establishing sales channels, and brand building, are expected to yield returns in the years to come. When looking at other companies in the consumer electronics industry this is a typical trajectory, and reMarkable's results compare well to other successful companies at similar life-cycle stages.

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.

Work environment, equal opportunity and discrimination

The work environment at reMarkable is considered to be good. reMarkable AS has a work environment committee, an employee representative, and a safety representative, as well as established routines for safeguarding and protecting employees' rights and needs. Practices to make sure the workplace is accessible and inclusive are regularly implemented, communicated, and reviewed. Total sick leave in 2019 was 2.18% of total working hours. No workplace injuries or accidents were reported. reMarkable AS has no known issues of discrimination as a result of ethnicity, religion, beliefs, disability, sexual orientation, gender identity, or gender expression.

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 2019, the company consisted of 31 women and 65 men. This corresponds to a 32% female share, an 8 percentage points increase from last year.

Requirements for acceptable working conditions at suppliers, especially at the factory of the main supplier in China, are emphasized both in negotiation processes and written down in the manufacturing service agreement. The company regularly checks that the conditions are in accordance with both the agreed and legal standards when visiting the suppliers.

Directors' report reMarkable Holding AS

Environmental and community responsibility

The consumer electronics industry causes wear and tear on the external environment through production and emissions from distribution. To reduce the environmental harm from production, the group 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 company has 'climate neutral' deliveries for orders placed on its own webshop, which comprises the overwhelming majority of sales. This means that DHL, as a supplier, neutralizes the CO2 emissions on reMarkable deliveries via climate neutralizing initiatives. In addition, the company has put in place a refurbishment process in order 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. All in all, the group's net impact on the environment is difficult to measure. reMarka-

ble recognizes the importance of environmental challenges, and includes this in the formulation of the company's long-term strategy.

Due to limited resources, the group has not initiated any major activities related to corporate social responsibility in 2019. Nevertheless, it is noted that reMarkable's vision is closely related to, for example, productivity and cognitive learning. In addition, the product can potentially have positive health effects, as our eyes are designed to process natural, reflected light better than self-illuminating objects (i.e. artificial light). reMarkable also reduces eyestrain when compared to LCD screens. Thus, at the core, the group contributes positively to highlighting and partially solving these types of societal challenges, and this topic will have a natural place in the group's strategy in the longer term.

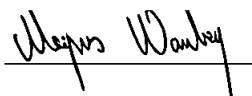
Going concern

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

reMarkable Holding AS has decided to not pay dividends for the financial year 2019. The negative result for the year is taken in its entirety into the company's equity.

Oslo, March 19th, 2020



Magnus Haug Wanberg
CEO and Chairman of the Board



Kevin Thau
Board Member



Marius Juul Møller
Board Member



reMarkable Group

Income statement reMarkable Group

	Note	2019	01.11.-31.12.18
Revenue	2	368 835 769	85 790 207
Total operating income		368 835 769	85 790 207
Cost of goods sold		(219 644 100)	(49 769 869)
Salary and personnel costs	4,15	(52 952 112)	(6 560 779)
Depreciations and amortizations	7,8	(6 302 796)	(430 973)
Write downs	7	(1 018 384)	0
Other operating expenses	3, 4, 10	(117 913 169)	(35 873 437)
Sum operating expenses		(397 830 561)	(92 635 057)
Result of operations		(28 994 792)	(6 844 851)
Interest income	5	64 858	45 239
Financial income	5	6 334 925	363 560
Total financial income		6 399 783	408 799
Other interest charge	5	(1 608 775)	(420 315)
Financial expense	5	(7 168 608)	(1 501 419)
Total financial expenses		(8 777 384)	(1 921 734)
Net financial items		(2 377 601)	(1 512 935)
Result before tax		(31 372 392)	(8 357 786)
Tax cost	6	7 978 051	1 415 606
Net income		(23 394 341)	(6 942 180)
Transfers			
Uncovered losses	14	(23 394 341)	(6 942 180)
Total transfers and allocations		(23 394 341)	(6 942 180)



reMarkable Group

Balance sheet reMarkable Group

ASSETS	Note	2019	2018
Fixed assets			
Intangible fixed assets			
Development	3,7	53 587 955	16 568 156
Patents / trade marks	7	208 260	231 617
Deferred tax assets	6	14 499 290	8 978 611
Total intangible fixed assets		68 295 505	25 778 384
Tangible fixed assets			
Fixtures and fittings, tools, office machinery, etc.	8	176 093	120 782
Total tangible fixed assets		176 093	120 782
Total fixed assets		68 471 599	25 899 165
Current assets			
Inventories	11	13 229 472	35 063 411
Total inventories		13 229 472	35 063 411
Receivables			
Accounts receivables		127 773	47 041
Other short-term receivables	17	18 428 544	15 085 916
Total receivables		18 556 317	15 132 957
Bank deposits	9,12	165 642 199	51 729 434
Total bank deposits		165 642 199	51 729 434
Total current assets		197 427 988	101 925 803
Total assets		265 899 587	127 824 968



reMarkable Group

Balance sheet reMarkable Group

EQUITY AND LIABILITIES	Note	2019	2018
Equity			
Paid-in capital			
Share capital	13,14	2 539 016	2 188 824
Share premium reserve	14	189 109 878	60 379 579
Total paid-in capital		191 648 894	62 568 403
Retained earnings			
Loss carry-forward	14	(32 793 894)	(6 942 180)
Total retained earnings		(32 793 894)	(6 942 180)
Total equity		158 855 000	55 626 223
Liabilities			
Other long-term liabilities			
Other long-term liabilities	9	0	40 000 000
Total other long-term liabilities		0	40 000 000
Total long-term liabilities		0	40 000 000
Current liabilities			
Used Supply Chain Financing	9,12	20 066 238	0
Accounts payable		42 560 875	13 477 234
Public duties payable		8 515 029	2 440 116
Other short-term liabilities	18	35 902 445	16 281 396
Total current liabilities		107 044 587	32 198 745
Total liabilities		107 044 587	72 198 745
Total equity and liabilities		265 899 587	127 824 968

Oslo, March 19th, 2020

Magnus Haug Wanberg
CEO and Chairman of the Board

Kevin Thau
Board Member

Marius Juul Møller
Board Member



reMarkable Group

Cash flow statement reMarkable Group

	2019	01.11.-31.12.18
Cash flow from operating activities		
Gains/losses before tax	(31 372 392)	(8 357 786)
Ordinary depreciation/amortization	6 302 796	430 973
Write downs of intangible assets	1 018 384	0
Changes in inventories	21 833 939	9 517 646
Changes in accounts receivable	(80 732)	0
Changes in accounts payable	29 083 641	(19 757 373)
Changes in other receivables and payables	22 353 332	34 914 872
Net cash flow from operating activities	49 138 968	(16 748 332)
Cash flow from investing activities		
Investments in development	(44 372 932)	(3 317 480)
Net cash flow from investing activities	(44 372 932)	(3 317 480)
Cash flow from financing activities		
Proceeds from long-term debt	0	0
Repayments of long-term debt	(40 000 000)	0
Receipts on new short-term debt	9, 12 20 066 238	0
Receipts on equity	14 129 080 491	988 673
Redemptions of equity	0	0
Dividends payments	0	0
Net cash flow from financing activities	109 146 729	988 673
Net change in cash and cash equivalents	113 912 765	14 419 525
Cash and cash equivalents at the period's beginning	51 729 434	37 309 909
Cash and cash equivalents at the period's end	165 642 199	51 729 434



reMarkable Group

Notes reMarkable Group

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". 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 owns more than 50% of the shares in the company and can exercise control over the company. reMarkable AS is the only other company in the group as reMarkable Holding AS has no minority interests in other companies. 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.

Since the group was established together with reMarkable Holding in 2018 the income statement for the group for 2018 only consist of November and December. Therefore, the income statement for the group in 2019 is not comparable with 2018-numbers.

Revenue recognition

Revenues from the sale of goods are recognized in the income statement once the payment is approved and the goods are shipped from our fulfillment center in Hong Kong. At this point, the vast majority of the risk is considered to be transferred to the carrier or the customer. Deposits on warranty (replacement) and returns within a 30-days return period are made based on historic data and posted under "Other short-term liabilities".

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 31.12.2019. Differences in balance sheet items due to changes in exchange rates are reflected as financial income (agio) or financial expenses (disagio).

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 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 marketing cost, distribution costs and estimated 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 in-



reMarkable Group

curring 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. Deposits for returns and replacement are calculated based on historic data and reconciled at year-end when doing an inventory count. Costs associated with refurbishment of devices is expensed once occurred. There is no refurbishment process in place for other accessories, therefore other goods returned to the fulfillment center are scrapped.

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 nominal value. An individual assessment of the different receivables has been conducted and based on the assessment no provisions for doubtful accounts has been made.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses 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 nominal value. Depositions of returns and replacements are based on historic data.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include bank deposits and other short-term, highly liquid investments with maturities of three months or less.



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Note 2 – Revenue

	2019	2018 (01.11.-31.12.)
By business area		
Development and sales of hardware products	368 835 769	85 790 207
Total	368 835 769	85 790 207
Geographical distribution		
North America	189 907 407	42 141 494
Europe	159 094 435	37 964 543
Asia and Oceania	19 833 927	5 684 170
Total	368 835 769	85 790 207

Note 3 – Public grants

The group has received approval of two "SkatteFUNN" projects for the period of 2018-2020. For 2019 the sum of the funding for the projects is expected to be 5 000 000 NOK. Of this amount, 1 585 772 NOK is posted as a reduction of cost, chiefly salaries and other operating expenses. 3 414 228 NOK is posted as a reduction of development under intangible assets.

Note 4 – Personnel costs

	2019	2018 (01.11.-31.12.)
Salary and personnel costs		
Salaries	36 517 023	4 186 518
Payroll tax	7 821 602	598 672
Pension costs	4 604 805	412 596
Other benefits	4 008 682	1 362 993
Total	52 952 112	6 560 779
 Average full-time employees	 70	 40
 Salary to CEO and board	 CEO	 Board
Salaries	1 140 080	0
Other benefits	865	0
Total	1 140 945	0

The CEO of reMarkable AS, like other employees, receives a 4.5% pension in addition to the salary



reMarkable Group

Bonus and share-based payments

Management and employees with a VP (Vice President) position in reMarkable AS had the right to subscribe to shares in the parent at market price until the end of 2019. Employees with ownership interests have a vesting period of 2 to 4 years with a 1- to 2-year cliff, meaning that at the middle of the vesting period they are 50% vested and then gradually moving towards becoming 100% vested at the end of the vesting period. The vesting period starts at the shareholders first, official workday. If the employment situation terminates before the vesting period is over, the company has the right to buy back unvested shares at the lowest value of 1) the shareholders purchase value or 2) the market value based on the last issuance round.

A new share incentive plan for reMarkable AS's employees was approved by the board of directors in reMarkable Holding AS and introduced to all employees at the end of 2019. The first emission under this scheme was formalised in the beginning of 2020 and does not affect the financial statement of 2019.

Full-time employees below VP were, until recently, included in a bonus scheme. These employees could be granted a maximum of 20% of their base salary yearly. Bonuses for 2018 were paid out in March 2019 and was partly deposited in the 2018-accounts. The actual payout in 2019 for bonus from 2018 were 1.2 MNOK and a difference of 0.5 MNOK was expensed in 2019. The bonus scheme was abolished in October 2019 and bonus for the first 10 months of 2019 were paid out in December. The bonus for 2019 is 1.9 MNOK. The bonus scheme was then replaced by a 10% increase in salary for all employees under the scheme. Senior employees do not have a bonus scheme or share-based remuneration beyond the models described above.

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

Auditor

Auditor's fees for the group are divided into NOK 220 000 in statutory audit and NOK 45 000 for additional services, VAT not included.



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Note 5 – Financial income and expenses

	2019	2018 (01.11.-31.12.)
Financial income		
Interest income	64 858	45 269
Financial income (agio)	6 304 852	363 560
Other financial income	30 073	0
Total financial income	6 399 783	408 828
Financial expenses		
Interest expenses	(1 608 775)	0
Financial expenses (disagio)	(6 883 157)	(420 315)
Other financial expenses	(285 451)	(1 501 419)
Total financial expenses	(8 777 384)	(1 921 734)

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 31.12.2019. Some of the agio occurred at year-end due to a weakening of NOK in late 2019.

Currency fluctuations represent both a direct and an indirect financial risk for the group. To reduce currency losses, reMarkable AS has created various bank accounts for currencies that compose large portions of revenue. Supplier invoice in foreign currencies are largely paid off with the respective accounts, minimizing the need for conversion and providing a natural hedge to currency fluctuations. Furthermore, to avoid unnecessary conversion related to purchase of manufactured goods, the credit for Supply Chain Financing is in USD.



reMarkable Group

Note 6 – Income taxes

Income tax expense	2019	2018 (01.11.-31.12.)
Net result before tax	(31 372 392)	(8 357 786)
Permanent differences	(4 966 980)	0
Temporary differences	2 578 861	0
Tax base	(33 760 511)	(8 357 786)
Tax on ordinary result	(7 427 312)	(1 415 606)
Excess allocated tax in previous years	(550 739)	
Tax cost	(7 978 051)	

Since the group is not a separate tax entity, but the companies that the group consists of are, we have chosen to take a practical approach towards a consolidated calculation of the group's tax in 2018. The companies that the group consist of account for tax in their individual financial statements. Since the group's financial statement for 2018 only consisted of 2 months the tax calculation for the group in 2018 is not listed in detail or comparable to 2019.

Reconciliation of deferred tax	31.12.2019	31.12.2018	Change
Fixed assets	(714 595)	30 452	745 047
Current assets*	(2 711 861)	(2 852 327)	(140 466)
Short term debt	(3 701 926)	(1 727 649)	1 974 277
Net differences	(7 128 382)	(4 549 524)	2 578 858
Tax loss carry-forward	(58 777 483)	(27 944 800)	
Change in presentation 2018*		2 852 327	
Deferred tax asset base	(65 905 865)	(29 641 997)	
Deferred tax asset 31.12.2019 based on 22%	(14 499 290)	(6 521 239)	(7 978 051)
Deferred tax due to reorganization	0	(2 457 372)	
Deferred tax asset 31.12.2019 based on 22%	(14 499 290)	(8 978 611)	

*Change in presentation 2018. There are some adjustments in presentation for 2018.

See note 19 for description of reorganization where deferred tax asset of 2 457 372 NOK was transferred from reMarkable AS to reMarkable Holding AS.

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Note 7 – Intangible assets

	Software	Patent	Development	Total
Acquisition cost at 01.01.19	1 087 910	233 563	17 407 688	18 729 161
Correction of opening balance	0	0	411 221	411 221
Additions	0	0	44 283 241	44 283 239
Disposals	0	0	0	0
Acquisition cost 31.12.19	1 087 910	233 563	62 102 150	63 423 623
Accumulated amortization at 31.12.19	(325 761)	(25 303)	(9 276 344)	(9 627 408)
Net carrying value at 31.12.19	762 149	208 260	52 825 806	53 796 215
Amortization for the year	(138 600)	(23 356)	(6 106 456)	(6 268 412)
Write downs	0	0	(1 018 384)	(1 018 384)
Amortization plan	3-15 years	10 years	3-5 years	

Development costs are related to significant improvements made on existing products and development of new products. A total of 44 372 939 NOK has been accrued in developing costs for the year. It is expected that the total earnings from on-going development will be equivalent to the total accrued costs. Development consist of several projects with different amortization periods with the largest projects having a 3 year linear amortization period.

Write down are taken on projects or part of projects where expected future value is lower than originally anticipated, for instance due to projects being put on hold.

Note 8 – Tangible assets

Property, plant and equipment	Machinery and equipment
Acquisition cost at 01.01.19	126 780
Additions	89 695
Disposals	0
Acquisition cost 31.12.19	216 475
Accumulated depreciation 31.12.19	(40 382)
Net carrying value at 31.12.19	176 093
Depreciation for the year	(34 384)
Depreciation plan	3-5 years

There was no impairment loss, reversal of impairment or change in depreciation plan for machinery and equipment during the year.

reMarkable Group

Note 9 – Liabilities

	2019	2018
Long term liabilities (more than five years maturity)		
Liabilities to financial institutions	0	40 000 000
Other long term liabilities	0	0
Total	0	40 000 000
Secured debts	0	40 000 000
Short term liabilities		
Used Supply Chain Financing	20 066 238	0
Total	20 066 238	0
Pledged assets		
Inventories	80 000 000	50 000 000
Accounts receivable	80 000 000	50 000 000
Office equipment	80 000 000	50 000 000
Total	240 000 000	150 000 000

Pledged assets are collateral for Supply Chain Financing of 7 MUSD (approx. 61 MNOK), overdraft facilities of 4 MNOK and guarantee to landlord for office space of 3 MNOK. The guarantee expires upon termination of the lease agreement, no later than 31.04.2024.

reMarkable AS has covenants on booked equity for Supply Chain Financing and additional overdraft facilities. The company was not in breach with any covenants at year end.

Off-balance obligations

At year end reMarkable AS placed an order to E Ink (a sub-supplier of reMarkable), exceeding the credit limit of another sub-supplier of reMarkable. In order for E Ink to accept this order, and its associated risk, reMarkable has issued a guarantee letter of financial support to E Ink in case the other sub-supplier fails to meet its financial obligations. The amount of the guarantee letter is 3.78 MUSD.

Other liabilities

The group has purchased services that are planned to be settled by converting account payables in reMarkable AS to shares in reMarkable Holding AS. The total amount is approximately 1.7 MNOK (0.045 MUSD + 1 MDKK) and is expected to be settled in 2020. The cost is booked in reMarkable AS.

reMarkable Group

Note 10 – 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 31.12.2019 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:

	2019	2018
Office space	5 091 079	1 695 641
Furniture and fixtures and IT equipment	2 907 760	1 145 695
Carrying value	7 998 839	2 841 336

Overview of future minimum lease:

	Office space	Furniture and fixtures and IT equipment	Total
Within 1 year	5 185 328	2 160 190	7 345 518
1 to 5 years	2 160 554	2 162 523	4 323 076
After 5 years	0	0	0
Future minimum lease	7 345 882	4 322 713	11 668 595

The office lease agreement can be terminated May 2021 at the earliest. 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 11 – Inventories

	2019	2018
Work in progress	4 249 278	879 997
Finished goods	8 980 194	34 183 414
Total	13 229 472	35 063 411

Devices, which is 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 labelled "Goods-in-process". 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.

reMarkable Group

Note 12 – Bank deposits

	2019	2018
Employees tax deduction, deposited in a separate bank account	3 709 982	1 342 053
Other bank deposits	161 932 217	50 387 381
Total bank deposit	165 642 199	51 729 434

reMarkable AS has unutilized credit of 4.7 MUSD (41 MNOK) under the Supply Chain Financing agreement with DNB at year end. This credit is limited to purchase of devices by main supplier. An additional 4 MNOK is available per 31.12.2019 and there are no restrictions on the use of these funds.

Note 13 – Share capital and shareholder information

reMarkable Holding AS has 7 254 331 shares with a nominal value of 0.35 NOK, which gives a total of 2,539,015.85 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 share holders 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 31.12.2019:

Shareholder	Number of Common Shares	Number of Preferred A Shares	Stake
SMHW AS	2 355 200		32.5%
Investisol AS	1 083 700		14.9%
Spark Capital (V.LP and Founders' Fund V.LP)		989 224	13.6%
Setra Holding AS	750 000		10.3%
RMFF Holding 1 AS	397 300		5.5%
Founders Fund I AS	389 800		5.4%
Stratel AS	199 000		2.7%
Herding Holding AS	174 800		2.4%
Nous Holding AS	174 800		2.4%
Startuplab AS	128 200		1.8%
Total	5 652 800	989 224	91.6%
Others (percent ownership < 10%)	612 307	0	8.4%
Total number of shares	6 265 107	989 224	100.0%

Per 31.12.2019 the CEO and Chairman of the board, Magnus Haug Wanberg via SMHW AS owns 2,355,200 shares. This corresponds to an ownership interest of 32.5%. 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 (14.9%) and 989 224 (13.6%) shares respectively. Spark Capital has invested through Spark Capital V. LP (13.48% ownership) and Spark Capital Founders' Fund V. LP (0.16% ownership).

reMarkable Group

Note 14 – Equity

Specification of Equity	Issued capital	Share premium	Accumulated profits	Total
Equity, 01.01.2019	2 188 824	60 397 579	(6 942 180)	55 626 223
Share issue	350 192	128 730 299	0	129 080 491
Elimination of latent tax, 2018	0	0	(2 457 372)	(2 457 372)
Uncovered loss, group	0	0	(23 394 341)	(23 394 341)
Equity Group, 31.12.19	2 539 016	189 109 878	(32 793 893)	158 855 000

Note 15 – Pensions

The Group 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 16 – Provisions for liabilities and charges

The Group 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 products sold. Guarantee commitment is based on historical experience.

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.

Note 18 – Other short-term liabilities

Other short-term liabilities mainly consists of accrued costs at year-end. In addition, other short-term liabilities consist of liabilities to payment providers for received revenue where goods are not delivered to customers, and deposition of returns from customers.

reMarkable Group

Note 19 – Formation of the group

On October 19th, 2018, it was resolved that reMarkable AS should undergo a restructuring of the company structure in order to establish a holding company between reMarkable AS and shareholders.

The purpose was to create a company structure consisting of reMarkable Holding AS as the parent company, with reMarkable AS and any future sister companies below. There were no excess values in reMarkable AS as a result of the restructuring. The reorganization have no tax implications under Norwegian law for either shareholders or the companies.

The change in company structure has been treated with tax continuity. After completion of all of the steps in the restructuring, reMarkable Holding AS has been transferred the tax positions in connection with the transferred assets, rights, and obligation from reMarkable AS. The reorganization thus does not trigger immediate tax consequences.

Deferred tax assets transferred from reMarkable AS to reMarkable Holding AS are 2 457 372 NOK. Before, during, and after the restructuring only one share class has existed, and all shareholders have equal voting rights. The restructuring was carried out in three steps, described below. In advance, the supporting company reMarkable HelpCo AS was established and transferred to reMarkable Holding AS.

Step 1 – Triangular demerger between reMarkable AS, reMarkable HelpCo AS, and reMarkable Holding AS

The demerger was carried out by transferring all assets, rights, and obligations, in addition to a cash amount from reMarkable AS to reMarkable HelpCo AS. At the time of the demerger, the share capital of reMarkable AS was reduced by 2 247 328 NOK. The demerger fee to the shareholders of reMarkable AS constitutes new shares in reMarkable Holding AS, and these shares are issued through a capital increase in reMarkable Holding AS. When remuneration shares were issued, the share capital of reMarkable Holding AS was first reduced to zero and then the remuneration shares were issued to shareholders in reMarkable AS with the same rights, and the same amount of shares, as the shareholders in reMarkable AS owned per the decision to undergo the restructuring on October 19th, 2018.

Step 2 – Merger between reMarkable HelpCo AS and reMarkable AS

The merger was carried out by reMarkable AS taking over the entire ongoing business consisting of all assets, right, and obligations of reMarkable HelpCo AS. reMarkable HelpCo AS was dissolved as soon as the merger took effect. reMarkable AS continues as a company after the merger with unchanged company name, articles of association, and business municipality. When issuing remuneration shares, the share capital of reMarkable AS is reduced first to zero and thereafter remuneration shares, with a nominal value of 30 000, are issued to reMarkable Holding AS, as owner of reMarkable HelpCo AS. The merger is accounted for using the acquisition method. There was no added value during the acquisition.

Step 3 – Conversion of demerger claim, reMarkable AS

The demerger claim from reMarkable HelpCo AS to reMarkable Holding AS, which was issued in step 1, was transported to reMarkable AS at the time of the merger in step 2. To re-establish the equity in reMarkable AS, the demerger claim was converted to equity via a capital increase in reMarkable AS in step 3. The increase in share capital was 2 970 000 and increase in share capital premiums was 55 918 253 NOK. Theoretically, the consolidation of the group should be October 19th, but for practical reasons the accounts are consolidated from November 1st.



reMarkable Holding AS, org. nr. 921 496 346

Income statement reMarkable Holding AS

	Note	2019	01.11.-31.12.18
Other operating expenses	9	(777 521)	(6 875)
Sum operating expenses		(777 521)	(6 875)
Result of operations		(777 521)	(6 875)
Interest income	3	3 287	29
Financial income	3	728 993	0
Total financial income		732 280	29
Financial expense	3	(115 693)	0
Total financial expenses		(115 693)	0
Net financial items		616 587	29
Net result before tax		(160 934)	(6 846)
Tax on ordinary result	4	35 405	1 506
Net income		(125 529)	(5 340)
Transfers			
Uncovered losses	5	(125 529)	(5 340)
Total transfers and allocations		(125 529)	(5 340)



reMarkable Holding AS, org. nr. 921 496 346

Balance sheet reMarkable Holding AS

ASSETS	Note	2019	2018
Fixed assets			
Intangible fixed assets			
Deferred tax assets	4	2 494 283	2 458 878
Total intangible fixed assets		2 494 283	2 458 878
Investments in other group companies	7	189 061 829	58 888 253
Total financial fixed assets		189 061 829	58 888 253
Total fixed assets		191 556 112	61 347 131
Receivables			
Other short-term receivables		136 667	0
Total receivables		136 667	0
Bank deposits	6	105 066	988 702
Total bank deposits		105 066	988 702
Total current assets		241 733	988 702
Total assets		191 797 845	62 335 833

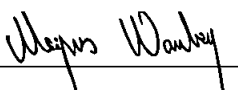


reMarkable Holding AS, org. nr. 921 496 346


Balance sheet reMarkable Holding AS

EQUITY AND LIABILITIES	Note	2019	2018
Equity			
Paid-in capital			
Share capital	5, 6	2 539 016	2 188 824
Share premium reserve	5	188 845 773	60 115 474
Total paid-in capital		191 384 789	62 304 298
Retained earnings			
Loss carry-forward	5	(130 868)	(5 340)
Total retained earnings		(130 868)	(5 340)
Total equity		191 253 920	62 298 958
Liabilities			
Current liabilities			
Accounts payable		18 750	0
Other short-term liabilities	8	525 175	36 875
Total current liabilities		543 925	36 875
Total liabilities		543 925	36 875
Total equity and liabilities		191 797 845	62 335 833

Oslo, March 19th, 2020


Magnus Haug Wanberg
CEO and Chairman of the Board


Kevin Thau
Board Member


Marius Juul Møller
Board Member



reMarkable Holding AS, org. nr. 921 496 346

Cash flow statement reMarkable Holding AS

	Note	2019	01.11.-31.12.18
Cash flow from operating activities			
Gains/losses before tax		(160 934)	(6 846)
Changes in accounts payable		18 750	0
Changes in other receivables and payables		351 633	6 875
Net cash flow from operating activities		209 449	29
Cash flow from financing activities			
Receipts on equity		129 080 491	988 673
Group contribution to subsidiary company		(130 173 576)	0
Net cash flow from financing activities		(1 093 085)	988 673
Net change in cash and cash equivalents		(883 636)	988 702
Cash and cash equivalents at the period's beginning		988 702	0
Cash and cash equivalents at the period's end		105 066	988 702



reMarkable Holding AS, org. nr. 921 496 346

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. Deferred tax from mergers are kept on balance until it is repaid.

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.

Subsidiaries and investments in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. 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. Cash and cash equivalents include bank deposits and other short-term, highly liquid investments with maturities of three months or less.

Note 2 – Personnel costs and pension

The company does not have any employees or personnel cost. No payments were made to 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.

Auditor

Auditor's fees for statutory audit are NOK 40 000 excl. VAT



reMarkable Holding AS, org. nr. 921 496 346

Note 3 – Financial income and expenses

Financial income	2019	01.11.-31.12.18
Interest income	3 287	29
Financial income (agio)	728 993	0
Total financial income	732 280	29

Financial expenses		
Financial expenses	(207)	0
Financial expenses (disagio)	(115 486)	0
Total financial expenses	(115 693)	0

The fundraising with Spark Capital is settled in USD and the group contribution is settled in NOK. Therefore, agio and disagio occurs.

Note 4 – Income taxes

Income tax expense	2019	01.11.-31.12.18
Tax base calculation		
Profit before income tax	(160 934)	(6 846)
- Permanent differences	0	0
- Temporary differences	25 000	0
Tax base	(135 934)	(6 846)
Tax on ordinary result	(35 405)	(1 506)

Reconciliation of deferred tax	31.12.2019	31.12.2018	Change
Short term debt	(25 000)	0	25 000
Tax loss carry-forward	(142 779)	(6 846)	135 934
Deferred tax asset base	(167 779)	(6 846)	160 934
Deferred tax based on 22%	(36 911)	(1 596)	35 405

Tax carry-forward from restructure in 2018	(2 458 878)
Deferred tax based on 22%	(36 911)
Deferred tax asset 31.12.2019	(2 495 789)

Temporary differences – Deferred tax asset

Deferred tax asset on the balance sheet are 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 provisions.



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Note 5 – Equity

Specification of Equity	Issued capital	Share premium	Accumulated profits	Total
Equity, 01.01.2019	2 188 824	60 115 474	(5 340)	62 298 958
Share issue	350 192	128 730 299	0	129 080 491
Uncovered loss	0	0	(125 529)	(125 529)
Equity, 31.12.19	2 539 016	188 845 773	(130 869)	191 253 920

Note 6 – Share capital and shareholder information

reMarkable Holding AS has 7 254 331 shares with a nominal value of 0.35 NOK, which gives a total of 2,539,015.85 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 share holders 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 31.12.2019:

Shareholder	Number of Common Shares	Number of Preferred A Shares	Stake
SMHW AS	2 355 200		32.5%
Investisol AS	1 083 700		14.9%
Spark Capital (V.LP and Founders' Fund V.LP)		989 224	13.6%
Setra Holding AS	750 000		10.3%
RMFF Holding 1 AS	397 300		5.5%
Founders Fund I AS	389 800		5.4%
Stratel AS	199 000		2.7%
Herdning Holding AS	174 800		2.4%
Nous Holding AS	174 800		2.4%
Startuplab AS	128 200		1.8%
Total	5 652 800	989 224	91.6%
Others (percent ownership < 10%)	612 307	0	8.4%
Total number of shares	6 265 107	989 224	100.0%

Per 31.12.2019 the CEO and Chairman of the board, Magnus Haug Wanberg via SMHW AS owns 2,355,200 shares. This corresponds to an ownership interest of 32.5%. 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 (14.9%) and 989 224 (13.6%) shares respectively. Spark Capital has invested through Spark Capital V. LP (13.48% ownership) and Spark Capital Founders' Fund V. LP (0.16% ownership).



reMarkable Holding AS, org. nr. 921 496 346

Note 7 – Investment in subsidiaries and associates

Company	Location	Share ownership/ voting rights	Equity 31.12.19	Results 2019
reMarkable AS	Oslo, Norway	100%	159 120 281	(23 268 813)

Investments in reMarkable AS are valued by using the cost method in the consolidated financial statements of reMarkable Holding AS.

Note 8 – Intercompany balances with group companies and associates

	2019	2018
Payable to reMarkable AS	(383 104)	(36 875)

reMarkable AS has paid expenses for reMarkable Holding AS during the year. This is reflected as payables in reMarkable Holdings AS' balance sheet.

Note 9 – Other operating expenses

	2019	2018
Audit fees	150 047	
Accounting fees	53 965	6 875
Legal fees	500 175	
Insurance	68 334	
Other fees	5 000	
Total other operating expenses	777 521	6 875



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To the General Meeting of reMarkable Holding AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of reMarkable Holding AS showing a loss of NOK 125 529 in the financial statements of the parent company and loss of NOK 23 394 341 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company reMarkable Holding AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of reMarkable Holding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statssutørte revisorer - medlemmer av Den norske Revisorføring

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnshes	Molde	Strøme
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

Penneo Dokumentnøkkel: YD650-S00FQ-572CJ-PIDOL-QLFBW-3UA5U



reMarkable Holding AS

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty



reMarkable Holding AS

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 19 March 2020
KPMG AS

Karianne Fønsteli Vintervoll
State Authorised Public Accountant
(This document is signed electronically)

Penneo Dokumentnøkkel: YD65Q-S00FQ-S72CJ-PJDOL-QLFBW-3UA5U



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Karianne F Vintervoll

Partner

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