

reMarkable Invest Group and reMarkable Invest AS

Annual report 2023

DIRECTOR'S REPORT	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	16
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	17
CONSOLIDATED STATEMENT OF CASH FLOWS	20
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	21
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	22
INCOME STATEMENT – REMARKABLE INVEST AS	67
BALANCE SHEET – REMARKABLE INVEST	68
INDIRECT CASH FLOW – REMARKABLE INVEST AS	71
NOTES TO FINANCIAL STATEMENTS – REMARKABLE INVEST AS	72

reMarkable Invest Group and reMarkable Invest AS

DIRECTOR'S REPORT | REMARKABLE INVEST GROUP

Operations and locations

reMarkable Invest AS (“the Company”) is the parent company in the reMarkable Invest Group (referred to as “reMarkable”, “reMarkable Invest Group”), whose main subsidiary is reMarkable AS. reMarkable AS is the operating entity of the reMarkable Invest Group and is a Norwegian company that develops, markets, and sells consumer electronics products termed ‘paper tablets’ and associated accessories.

reMarkable's business strategy is to develop and produce electronic devices, as well as a subscription service, 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 vision – “Better thinking through technology.”

The Group distributes its products in over 50 countries, with North America and Europe being the largest markets. The majority of sales originate through reMarkable's own web shop, whereas sales via third parties make up an increasing proportion of revenues as part of the Group's distribution channel strategy. Production is conducted primarily in China, with distribution from warehouses in Hong Kong, the Netherlands, Lithuania and Mexico.

Letter to stakeholders

2023 has been an outstanding year for reMarkable. We embarked on a highly successful retail sales roll-out and unveiled our new product offering, the Type Folio. In addition, we have expanded our software ecosystem – making progress on a seamless workflow and better thinking across all your devices. During the year, we have also continued to scale the organization, investing heavily into new product development while making substantial improvements to our operating model.

reMarkable 2 continues to lead the paper tablet category, and during Q4 we crossed the threshold of more than 2 million paper tablets sold since the launch of reMarkable 1. This is a testament to the strength of our brand and value proposition of the product. Word-of-mouth recommendations remain one of our most important sales-drivers, and this gives us continued confidence that we are barely scratching the surface of a very large addressable market. Our Connect subscription offering provides a unique platform on which to continuously add more value to the reMarkable user experience. With a rapidly growing base of nearly 700,000 subscribers as of year-end, this will be a core area of investment in the years ahead.

These notable accomplishments have provided the foundation for our strong financial performance in 2023. Considering the macroeconomic headwinds in consumer electronics, we are especially proud of the results – relying on excellence in execution. As part of this work, and to prepare us for future growth, we have implemented a management system that is focused more strongly on goals and outcomes. To ensure our IT system technology needs can scale with our growth, we have implemented a cloud-based ERP system (SAP). Over time, we believe that these initiatives will allow us to keep growing at significant rates while demonstrating economies of scale due to significant operational efficiencies.

reMarkable Invest Group and reMarkable Invest AS

Ultimately, the value we add to our customers will determine our rate of growth. Both to attract new customers and to serve our existing customers better, we introduced the Type Folio, a slim keyboard that elegantly attaches to reMarkable 2. The launch was accompanied by mobile and desktop applications that enable users to capture critical notes when our tablet is not the most convenient option. For on-the-go and at-the-desk notes, users can capture ideas, no matter where they are or what device they are working on – fully integrated with our tablet.

In mid-October, reMarkable completed a NOK 500m Norwegian bond issue, which marked our first entry into public capital markets. This additional financing strengthens our ability to develop and commercialize new products. As we grow, especially with third-party retail sales, the bond proceeds will help with increased working capital needs. The bond will be listed on the Oslo Stock Exchange during the second half of 2024 and as a consequence of this we have changed our accounting standard from Norwegian Generally Accepted Accounting Principles (NGAAP) to the International Financial Reporting Standard (IFRS) while also changing our functional and reporting currency to US Dollars.

While we are proud of what we accomplished last year, we are depending on our employees to deliver even more in the coming years. I continue to be impressed with the dedication of the team, and I am optimistic that we can create significantly more business value as we align the team to our business strategy and focus on employee engagement.

Our employees are the source of our value creation. However, it will be our customers who ultimately judge the value of our work. I see opportunities for us to place the customer at the center of everything that we do. This means relentlessly focusing on the end-to-end customer experience so they both love us and tell their friends about us. With employees enabled to create and deliver more value, and with a more customer-centric culture, we can continue on the successful path that those who came before me have started.

Best,

Phil Hess

Chief Executive Officer

Financial performance

Revenue

Total revenues for 2023 amounted to USD 338m, which corresponds to a 27% year-over-year improvement. The robust topline growth was primarily driven by a highly successful retail roll-out in North America during the second half, as well as continued strong performance in key markets.

- The expansion of our product offering through the launch of Type Folio and the related device-agnostic reMarkable ecosystem was well received by customers, with a high degree of upselling to existing users
- Our subscription offering, Connect, has seen healthy annual recurring revenue (ARR) growth on the back of positive free-to-paying conversion development in the second half of the year. This follows the value proposition change in 2022, where the free trial period was extended

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- in July 2021 (from 100 days to 1 year) in combination with a lower price point from mid-September (monthly price reduced from \$7.99 to \$2.99)
- In Q4, we began to see the full commercial effects of having a multichannel presence, leading us to record the best peak season in reMarkable's history

Cost of materials

Net Margin after Cost of Materials for 2023 amounted to USD 162m, representing a 21% increase from the USD 134m achieved in 2022. After cost of materials, the margins reflected a healthy 48% and 50% respectively. The 2 pp. decline is partly explained by return provisioning on the back of a changed sales mix along with costs incurred as remarkable continues to expand into a new sales channel.

EBITDA

EBITDA came in at a record high of USD 38m, compared to USD 4m for 2022 (896% year-over-year growth). The robust performance comes as a result of increased revenues in combination with a relative reduction in sales and advertising expenditure (as a % of revenue). This positive development offsets the ramp-up in the operating cost base to support reMarkable's continued development of new products and markets.

Research and development

Development costs are related to improvements made on existing products and development of new products, accessories and software amounted to a total of USD 16.5m during 2023 (2022: USD 13.5m).

Additions to software during 2023 and 2022 are mainly related to the enterprise resource planning (ERP), supply chain and customer management systems' implementation. The Group performed significant integrations between the systems to enable proper data flows between the aforementioned systems, and other systems held the Group. Total expenditure for these projects, excluding ongoing costs to access to the cloud systems, amounted to USD 7.2m in 2023, and an additional USD 4.2m in 2022. Out of these amounts, the Group capitalized as part of its intangible assets USD 5.4 million in 2023, and USD 1.4 million in 2022.

Cash flow from investing activities

Cash flow from investing activities of USD (25)m in 2023 versus USD (24)m in 2022, reflects reMarkable's continued commitment to innovate and create compelling user experiences, and comprise primarily of development expenditure in line with product roadmaps.

Cash flow from financing activities

Net cash flow from financing activities of USD 27m in 2023 largely represents the remaining proceeds from the NOK 500m bond issue post repayment of existing bank debt.

Liquidity

As at year-end 2023, the reMarkable Group held USD 93m in cash and equivalents, compared to USD 53m for 2022. The strong liquidity improvement has been achieved through the positive financial results, positive net working capital changes along with the proceeds from the bond issue.

reMarkable's net cash position was USD 44m at year-end 2023. Last year the comparable position was USD 38m.

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Equity

Equity at year-end amounted to USD 57m, reflecting an equity ratio of 28% In 2022 equity came in at USD 37m with a corresponding equity ratio of 30%. The 2 pp. year-over-year decline is largely explained by the inaugural NOK 500m bond issue in October 2023.

Financial risks

Input factors

As a provider of consumer electronics, reMarkable is exposed to the possibility of global shortages of production components. Global shortages may be due to a variety of reasons, such as the recent Covid-19 pandemic or other geopolitical events that have an adverse effect on operations.

Political, social or economic instability in Asia where the Group's suppliers' manufacturers are located, or the imposition of additional trade law provisions, regulations, duties, tariffs and other charges affecting imports and exports, could cause disruptions in trade or increase costs, including with regard to exports to EU, UK or US.

To counter sourcing complexities, reMarkable has a dedicated team that collaborates directly with suppliers throughout our value chain and regularly takes strategic measures to ensure access to critical input factors and priority with suppliers. The latter may on a regular basis require us to maintain a significant inventory of finished goods and critical longlead components, which increases the Group's working capital needs.

Liquidity risk

reMarkable manages its liquidity risk by regularly monitoring its liquidity needs for working capital, and strategic investments, both for short-term and long-term needs, and periodically updates estimations through rolling forecasts.

During the year we completed a NOK 500m bond issue, which will strengthen the Groups ability to develop and commercialize new products as well as help with increased working capital needs following the growth in third-party retail. Moreover, reMarkable has access to additional sources of liquidity, from its supply chain financing facility, another multifunctional currency line, and potential tap issues through its bond.

As the Group continues to grow, fixed expenditure also increases. With one primary revenue stream, there is an inherent uncertainty in cash flow from operations which is currently our main source of financing future growth. The recurring revenue contribution from the Connect subscription base partially offsets this but is as of yet at a limited scale. The lead-time on paper tablet production means the Group must place orders before future demand is known, and this exposes the Group to the risk of future demand not aligning with projections. The Group can manage this through a combination of postponing inventory commitments, reducing expenditures and managing working capital and carefully monitoring and projecting its financial position as a central part of our business planning cycle

Market risk

reMarkable's revenue is affected by standard economic trends and consumer purchase patterns, including seasonality, and periods that typically involve discounted offers. The Group takes this into account when projecting demand and securing supply.

reMarkable Invest Group and reMarkable Invest AS

The paper tablet category is experiencing an increasing number of entrants and heightened competition. The Group has anticipated this for some time and sees itself as well positioned to maintain a leading role in this emerging product category. In response to this new competitive environment, reMarkable has initiated many cross-company efforts to both strengthen the value proposition of its products and services and increase its market penetration.

Credit risk

The risk of losses on receivables is considered low, as the customer base is large and diverse and the Group's payment providers are well-established, reputable companies which release funds continuously within 3-7 days after customer purchase. The risk of losses from receivables on web shop orders resides with the payment provider and is reflected in the fees for their services.

reMarkable's retail distributor agreements typically involve an element of credit payment, but the Group assesses the risk of losses on receivables to be low on the back of only entering agreements with players that have undergone a counterparty check. In relation to an increased growth in 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.

Forex exchange risk

The Group sells its products in multiple countries with pricing in local currencies. While the majority of sales is in USD, the largest exposures to foreign currency with respect to sales and trade receivables consist of the EUR, GBP and, to a much lesser extent, NOK. The Group's expenditure commitments and a large part of the cost base (disregarding inventory cost, which is mainly denominated in USD) in foreign currency going forward will generally be nominated in NOK. Therefore, changes in the NOK/USD exchange rate have a direct impact on the Group's profitability as a stronger NOK will increase the Group's fixed cost base and vice versa. reMarkable has short term contracts with retailers and distributors where underlying sales also provide for foreign exchange terms.

Other

The Group has Directors and Officers insurance policy for the members of the board and the general manager for their possible liability towards the Group and third parties. The insurance policy lies in reMarkable Invest's parent, reMarkable Holding AS, and covers all Group entities.

Work environment, equal opportunity and discrimination

The work environment at reMarkable is considered to be good. The Group 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. 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 2023 was 2.8% 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.

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 2023, the Group consisted of 37% women and 63% men. For more

reMarkable Invest Group and reMarkable Invest AS

information on this topic, we refer to our report on equality that is published on our career page, 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 of 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

Maximizing positives, minimizing negatives

To reMarkable, better thinking involves acknowledging that everything we do impacts the world around us. We strive to maximize our positive impacts, while minimizing the negative ones. Our impact reporting for 2023 will provide a status on our work on implementing sustainability and some thoughts on where we plan to continue our journey.

The consumer electronics space has seen some major market trends in 2023. Some of the most notable are geopolitics, the European Union's (EU) role, transparency and growing customer preferences towards sustainable brands. Geopolitics are intensifying sustainability aspects role as a key strategic and financial focus for all organizations. Examples of this include energy security and access to scarce minerals. The EU requires companies to adopt practices on sustainability reporting, product durability and quality, leading to significant systemic improvements.

Our customers, particularly younger generations, are showing an increasing preference for sustainable brands with clearer morals and values, but without compromising on convenience and functionality. At the same time, supply chain transparency is accelerated through a wide range of national regulations in different markets, such as the Norwegian Transparency Act and the US Uyghur Forced Labor Prevention Act.

We aim to be transparent on how we are impacting societies around us as the impact on key global issues will alter the world we live in - and we aim for that to be a world with room for better thinking.

reMarkable Invest Group and reMarkable Invest AS

Sustainability governance

A new framework for sustainability management

The EU has launched its Corporate Sustainability Reporting Directive (CSRD), mandating companies to report on their most important - or material - sustainability matters, document their sustainable transformation, clear governance and time-bound targets related to their material sustainability areas. This greatly increases the expectations for how companies should work and integrate sustainability areas like climate, human rights and circular economy into their business and value chain.

reMarkable is working to be CSRD ready. This is a demanding journey, requiring large efforts of our entire organization. To start off on the right track, reMarkable mapped the most material sustainability areas during the fall of 2023 through a double materiality assessment. This is, in all essence, a prioritization of sustainability areas going ahead. We are working in collaboration with our business partners and suppliers to find the right long-term solutions for our business and value chain.

Governance structure

In reMarkable, the Chief Executive Officer (CEO) is ultimately responsible for the Group's sustainability ambitions. The implementation of sustainability throughout the Group is led by a dedicated team reporting to the Chief Strategy Officer (CSO). The sustainability team holds responsibility to develop relevant strategies and policies, and implement these together with the organization.

The execution and monitoring of the activities related to sustainability is being conducted by the relevant functions and departments within the organization. reMarkable strives to integrate sustainability and responsibility into our business practices.

In 2023 reMarkable has mapped the Group's policies and procedures related to management of our most important sustainability topics. We updated our Supplier Code of Conduct, and our Anti-Corruption Policy, and shared our findings of relevant impacts, risks and opportunities with the management team.

Through 2024, we will further develop our sustainability governance and provide training for our employees to create understanding of how these policies can be implemented into their everyday work. Becoming aligned with the CSRD framework will support reMarkable's work on compliance and help us meet expectations of our stakeholders. This will continue to be a priority through 2024.

Our main impact

The double materiality assessment

The double materiality assessment was conducted in four phases; understand, identify, evaluate and decide.

Understand: we gathered information to understand reMarkable's sustainability context, assessing reports from industry experts on sustainability, reMarkable's value chain, peers and other relevant sources. This resulted in a list of potential sustainability areas for further analysis.

Identify: Next, we described how reMarkable's activities could impact these sustainability areas, or how these sustainability areas could present risks or opportunities to reMarkable.

reMarkable Invest Group and reMarkable Invest AS

Evaluate: In total, we established causal links for 95 different impacts, risks and opportunities. This step makes it possible to compare different sustainability topics against each other, as for example comparing the impact of pollution from manufacture on one side, to breaches of consumer privacy on the other.

Decide: After giving each impact, risk or opportunity a magnitude, we decided on a threshold for these to be considered material, or not material. This process output was an impact scoring, and finally resulted in identifying the most material sustainability topics for reMarkable.

Some of the topics we identified as most material are climate change mitigation, anti-corruption, resource use and circular economy, information security, and human rights in our value chain. Most of the impacts, risks and opportunities reMarkable face as a company, takes place throughout our value chain.

Circularity

We strive to minimize the lifetime impact of our products and services, making everlasting products and services that can pass through multiple life cycles, using recycled and reused materials produced with renewable energy. Re-using products is one of the most efficient methods to reduce the environmental impact of a product. Due to this, reMarkable is focusing on extending the lifetime of our reMarkable 2 device by both conducting refurbishment and repair. Refurbishment would mean that when a used device is returned from a customer, the device is tested according to the same quality requirements as a new device, re-packed and re-sold to another customer or used as a replacement product.

Some products also require repair before they could be sold as a refurbished device. The device is repaired, and then follows the refurbishment process. Products that are returned within our satisfaction guarantee period or warranty period are eligible for repair and refurbishment, and these are sold in selected geographical markets. Through refurbishment and repair we are able to extend the lifetime of our products. We maximize the utilization of the product and minimize the environmental footprint throughout the lifetime of the product.

Product	Number units in 2022	Number units in 2023
reMarkable 1 (devices) recycled	869	0
reMarkable 2 (devices) recycled	0	6 398
reMarkable 2 (devices) refurbished	11 698	18 957
reMarkable 2 (devices) repaired	7 583	25 783

Proper recycling of devices that are no longer in use is an important step in ensuring that valuable materials are recovered and recycled for a second use. reMarkable has collaborated with a recycling partner to ensure that end of life returns on our Generation 1 devices are properly handled and recycled.

Other achievements related to circularity include:

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- All packaging is 100% recyclable
- Battery longevity: The device battery retains 80% of the total capacity after being charged 500 times, ensuring a long life cycle.

We will continue to work with circularity in 2024. The work will include setting and implementing strategies to promote circular outcomes, and spans across material usage in our products to efficient repair and refurbishment solutions.

Social impact

As a company with a global value chain, it is critical to be aware of the impact we have on the societies around and workers in our value chain activities. Therefore, we believe in close collaboration with our suppliers and stakeholders. We work with our suppliers to define goals and actions that support our efforts towards sustainability, and have continuous dialogue with them to provide support and feedback.

Supply chain

When we choose suppliers, through the Request for Proposal (RFP) processes, potential suppliers are evaluated based on their capabilities within sustainability, and sustainability commitments are defined as part of our process. We aim to work with suppliers sharing our values and concerns for the future.

reMarkable is taking several steps to ensure that human rights and decent working conditions are respected throughout the supply chain, all the way down to raw material sub-suppliers. We have prioritized work on three main areas in 2023.

Supplier Code of Conduct: Our Supplier Code of Conduct addresses topics such as labor rights, health and safety, environment and ethical governance. We have updated the policy to reflect our efforts and expectations we have to the suppliers. During 2023 and continuing into 2024, we are working to ensure that all direct first tier suppliers¹ understand and sign the Group's Supplier Code of Conduct, and commit to work with suppliers tiers²⁻ⁿ to ensure they, at a minimum, follow the same standard. Not accepting the Supplier Code of Conduct would disqualify a supplier in a RFP process.

ESG Due Diligence: All potential suppliers have to go through an ESG Due Diligence Tool, which identifies potential risks related to environmental, social or governance aspects. All our current direct first tier suppliers are also onboarded on this platform, which allows us to efficiently monitor and collaborate with our suppliers on improvement points.

Norwegian Transparency Act: We request information on how our suppliers and business partners work with fundamental human rights and decent working conditions. Our suppliers are also requested to share the same information from their supply chain - all the way to the extraction of raw materials. We use that information to conduct risk assessments to identify and mitigate potential and actual negative impact we can have on these important areas. This is extensive work, and we are constantly striving to improve our work in the area.

¹ Tier¹ suppliers refer to those with whom we maintain a direct financial relationship, whereby transactions are conducted directly with them.

reMarkable Invest Group and reMarkable Invest AS

Besides the aspects required by Norwegian law, we also assess the risk in our value chain on corruption, political stability, LGBTI rights and gender equality. Findings from our work is published on reMarkable.com, and updated annually².

KPI description	2022	2023
First tier direct suppliers signed Supplier Code of Conduct (%)	100	100
First tier direct suppliers that have completed information related to the Norwegian Transparency Act (%)	100	100

We will continue to collect relevant data from direct suppliers in tiers 2-n and our indirect suppliers in 2024, and to conduct subsequent risk assessments on their social impacts. Based on these risk assessments, we will make a plan on how to reduce the risks of our value chain contributing to violation of fundamental human rights and decent working conditions. During the year we will define KPIs and set short- and long-term targets for this work

Climate change

Greenhouse gas emissions are another key impact the consumer electronics industry has on the world. In recognizing this we have mapped our GHG emissions for our organization's own operations and for our products. We now have emissions data from 2021 until 2023, and are gradually improving data quality and completeness of our GHG inventory.

The results reflects an expanded scope of different emissions categories included in the accounting 2023. We have captured more of our relevant emissions categories and data sources than in previous years³. In the report below, reMarkable's offices in Oslo and our business travel, the downstream transportation of products, the production of products, the usage and end-of-life treatment of the sold products is included⁴.

GHG Accounts 2021-2023

Scope ⁵	Description	Emissions in tonnes CO ₂ eqv			
		2021	2022	2023	% change
Scope 1	Scope 1 total	-	-	-	-
Scope 2	Scope 2 total (location)	4.0	4.9	6.3	29%
	Electricity - market	88.2	49.8	61.7	24%
	Electricity - location	1.8	1.4	2.3	64%

² See <https://remarkable.com/transparency-act> for our Transparency Act report

³ This analysis is based on the operational control aspect that defines what should be included in the carbon inventory, as well as in the different scopes.

⁴ The input data is based on internal and external data sources, converted into tonnes CO₂-eq. The analysis is based on the Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG protocol). This is the most important standard for measuring GHG emissions and was the basis for the ISO standard 14064-1.

⁵ Scope 1 are all direct emission sources where the organisation has operational control. Scope 2 are emissions from electricity and district heating purchased by the Group. Scope 3 are emissions related to the Group's value chain, and is not owned or controlled directly by the company.

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Scope ⁵	Description	Emissions in tonnes CO ₂ eqv			
		2021	2022	2023	% change
	District Heating - location	2.2	3.6	4.0	11%
Scope 3	Scope 3 total	32 403.8	26 433.3	40 122.7	52%
	Purchased goods and services	25 650.3	19 528.8	34 975.5	79%
	Fuel- and energy not included in scopes 1 and 2	1.9	2.3	2.9	26%
	Waste generated in operations	4.9	6.6	9.0	36%
	Business travels	1.2	n/a ⁶	376.6	-
	Employee commuting	5.7	13.9	36.9	165%
	Downstream transport	6 208.2	6 387	4 079.0	-36%
	Use of sold products	453.3	420.1	551.6	31%
	End-of-life treatment of sold products	78.3	73.7	91.2	24%
Sum	All emissions scopes 1, 2 & 3	32 408	26 438	40 129	52%

reMarkable does not have any scope 1 emissions, and only small scope 2 emissions related to energy use in our Oslo office. In 2023 we utilized four different office locations. The increase in scope 2 emissions is mainly due to an increased number of employees.

reMarkable's main impact is from value chain activities, scope 3, with purchased products and services amounting to 87% of total emissions. The 52% increase from 2022 to 2023 in scope 3 is due to an increased amount of bought products and methodological changes in the emission factors used. The emissions factors used for this year's reporting are based on more primary data and product carbon footprints performed on the accessories. These two aspects combined entailed a higher emission for this category.

Downstream transportation and distribution, mainly consisting of air freight, represents 10% of the total emissions for 2023. Even though the number of sold units increased for 2023, the downstream transportation and distribution processes have undergone enhancements resulting in a reduction in transportation emissions. While the exact cause of this reduction is not explicitly determined, it is likely attributed to the concerted efforts towards sustainability initiatives and the improved logistical efficiency implemented by DHL. These efforts encompass various factors such as optimizing shipment weight, streamlining routes, and implementing eco-friendly transport modes.

Going forward, we will use the data collected as a baseline for setting climate targets and work to radically reduce our GHG emissions in the coming years.

⁶ The data for business travels in 2022 were not available, but we estimate them to be significantly higher than in 2021 due to increased number and distance of business travels

reMarkable Invest Group and reMarkable Invest AS

Parent company financial review

reMarkable Invest issued a bond denominated in NOK, for a nominal amount of NOK 500 million. Other than this there was immaterial operational activity in 2023.

The net loss for the year is booked against retained earnings in equity.

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.

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Chief executive officer

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Ektvedt

Deputy Board member

Oslo (Norway)

28 May 2024

reMarkable Invest Group and reMarkable Invest AS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in USD thousand</i>	Notes	2023	2022
Revenue from contracts with customers	<u>3.2</u>	338 078	265 730
Total operating income		338 078	265 730
Cost of materials	<u>6.1</u>	(176 017)	(131 766)
Employee benefit expenses	<u>3.3</u>	(41 730)	(32 383)
Other operating expenses	<u>3.4</u>	(82 719)	(97 806)
Depreciation and amortization	<u>4.1, 4.2, 5.4</u>	(8 970)	(6 943)
Operating profit/(loss)		28 642	(3 168)
Financial income		1 538	206
Financial expenses		(3 559)	(1 719)
Other financial gains/(losses)		553	(2 199)
Net financial result	<u>3.6</u>	(1 468)	(3 711)
Profit/(loss) before income tax		27 174	(6 879)
Income tax expense	<u>3.5</u>	(6 635)	1 083
PROFIT/(LOSS) FOR THE YEAR		20 539	(5 796)
Net other comprehensive income/(loss)		-	-
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		20 539	(5 796)

reMarkable Invest Group and reMarkable Invest AS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in USD thousand</i>	Notes	31 December 2023	31 December 2022	1 January 2022
ASSETS				
Non-current assets				
Intangible assets	4.2	42 967	25 160	13 735
Property, plant and equipment	4.1	4 186	5 610	5 345
Net deferred tax assets	3.5	497	2 750	946
Other non-current financial assets	5.2	5 415	5 477	462
Total non-current assets		53 065	38 997	20 488
Current assets				
Inventories	6.1	42 141	25 008	46 071
Trade receivables	6.2	9 758	2 608	6 254
Other current assets		5 453	4 567	7 669
Cash and cash equivalents	6.3	93 452	52 568	72 099
Total current assets		150 804	84 751	132 092
TOTAL ASSETS		203 869	123 748	152 580

reMarkable Invest Group and reMarkable Invest AS

<i>Amounts in USD thousand</i>	31 December 2023	31 December 2022	1 January 2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5.8	305	305
Share premium	5.8	25 531	25 531
Retained earnings		29 017	8 593
Other equity		2 081	2 081
Total equity	56 934	36 510	42 447
LIABILITIES			
Borrowings	5.3	47 748	-
Lease liabilities	5.4	-	274
Non-current provisions	6.5	-	154
Total non-current liabilities	47 748	428	1 620
Trade and other payables	6.4	32 842	22 025
Lease liabilities (current portion)	5.4	136	1 203
Borrowings	5.3	1 337	14 379
Current tax liabilities		4 476	784
Current provisions	6.5	2 090	873
Other current liabilities	6.4	58 306	38 215
Total current liabilities	99 187	86 810	108 514
Total liabilities	146 935	87 238	110 134
TOTAL EQUITY AND LIABILITIES	203 869	123 748	152 580

reMarkable Invest Group and reMarkable Invest AS

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Vegard Gullaksen
Veiteberg

Chair of the Board

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Marius Juul Møller

Board member

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Philip S. Hess

Chief executive officer

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Mikkel Andreas
Ektvedt

Deputy Board member

Oslo (Norway)

28 May 2024

reMarkable Invest Group and reMarkable Invest AS

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in USD thousand</i>	Notes	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		27 174	(6 879)
Adjustments for:			
Depreciation and amortization	4.1, 4.2, 5.4	8 970	6 943
Net financial income and expenses	3.6	1 669	694
Net foreign exchange differences		2 857	(303)
Working capital changes:			
Decrease (increase) in inventories		(17 133)	21 063
Decrease/(increase) in trade receivables, contract assets and prepayments		(8 036)	4 105
Change in trade payables, contract liabilities and other payables relating to operating activities		21 648	(6 480)
Change in provisions relating to operating activities		1 217	156
Changes in other receivables and payables		-	-
Income tax paid		(732)	(4 432)
Interests received		1 538	206
Net cash flow from operating activities		39 172	15 072
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Expenditures on intangible assets	4.1	(23 863)	(16 104)
Payment of deposits		62	(5 015)
Expenditures on property, plant and equipment	4.2	(1 490)	(2 529)
Net cash flow from investing activities		(25 291)	(23 648)
CASH FLOW FROM FINANCING ACTIVITIES:			
Payments of loans and borrowings	5.5	(14 379)	(25 528)
Interests paid	5.5	(1 980)	(902)
Cash receipt from borrowings	5.5	44 786	14 379
Payment of principal portion of lease liabilities	5.5	(1 309)	(1 079)
Proceeds from issuance of shares	5.8	-	3 670
Group contribution		(115)	(1 496)
Net cash flow from financing activities		27 003	(10 955)
Net increase/(decrease) in cash and cash equivalents			
		40 884	(19 531)
Cash and cash equivalents at the beginning of the period		52 568	72 099
Cash and cash equivalents at the end of the period		93 452	52 568

reMarkable Invest Group and reMarkable Invest AS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in USD thousand</i>	Share capital (section 5.8)	Share premium (section 5.8)	Retained earnings	Other equity	Total equity
Balance at 1 January 2022	302	21 864	15 556	4 725	42 447
Profit/(loss) for the year	-	-	(5 796)	-	(5 796)
Issue of ordinary shares	1	1 026	-	-	1 027
Registration share issuance from 2021	2	2 641	-	(2 643)	-
Group contribution	-	-	(1 167)	-	(1 167)
Balance at 31 December 2022	305	25 531	8 593	2 081	36 510
Balance at 1 January 2023	305	25 531	8 593	2 081	36 510
Profit/(loss) for the year	-	-	20 539	-	20 539
Group contribution	-	-	(115)	-	(115)
Balance at 31 December 2023	305	25 531	29 017	2 081	56 934

*reMarkable Invest Group and reMarkable Invest AS***NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**

SECTION 1 GROUP INFORMATION AND BASIS OF PREPARATION	23	3.5 INCOME TAX	37
1.1 CORPORATE INFORMATION	24	3.6 FINANCIAL RESULT.....	38
1.2 BASIS OF PREPARATION	24		
1.3 NEW STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP AND OTHER CHANGES IN ACCOUNTING POLICIES.....	24		
1.4 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED.....	24		
1.5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.....	25		
1.6 GROUP STRUCTURE	25		
1.7 SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE REPORTING PERIOD	26		
SECTION 2 SUMMARY OF GENERAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS	27		
2.1 CONSOLIDATED FINANCIAL STATEMENTS	28		
2.2 FOREIGN CURRENCY.....	28		
2.3 STATEMENT OF CASH FLOWS	28		
2.4 GOVERNMENT GRANTS.....	29		
SECTION 3 RESULTS OF THE YEAR	30		
3.1 SEGMENT INFORMATION	31		
3.2 REVENUE FROM CONTRACTS WITH CUSTOMERS 31			
3.3 EMPLOYEE BENEFITS	34		
3.4 OTHER OPERATING EXPENSES.....	36		
		SECTION 4 INVESTED CAPITAL.....	39
		4.1 PROPERTY, PLANT AND EQUIPMENT	40
		4.2 INTANGIBLE ASSETS	42
		SECTION 5 CAPITAL AND DEBT STRUCTURE	45
		5.1 FINANCIAL INSTRUMENTS	46
		5.2 NON-CURRENT FINANCIAL ASSETS	46
		5.3 BORROWINGS	47
		5.4 LEASES.....	50
		5.5 RECONCILIATION OF CASH FLOWS FROM FINANCING ACTIVITIES.....	53
		5.6 FINANCIAL RISKS AND CAPITAL MANAGEMENT.	53
		5.7 CAPITAL MANAGEMENT.....	57
		5.8 SHARE CAPITAL AND OWNERSHIP STRUCTURE .	57
		SECTION 6 WORKING CAPITAL.....	58
		6.1 INVENTORIES.....	59
		6.2 TRADE RECEIVABLES	60
		6.3 CASH AND CASH EQUIVALENTS.....	61
		6.4 TRADE PAYABLES AND OTHER CURRENT LIABILITIES	62
		6.5 PROVISIONS.....	63
		SECTION 7 OTHER DISCLOSURES	64
		7.1 RELATED PARTIES	65
		7.2 COMMITMENTS.....	66
		7.3 EVENTS AFTER THE REPORTING PERIOD	66

reMarkable Invest Group and reMarkable Invest AS

SECTION 1 Group information and basis of preparation

This section includes information on corporate information, Group structure, basis of preparation and an overview of general accounting policies and critical accounting judgements and estimates in the Group.

reMarkable Invest Group and reMarkable Invest AS

1.1 Corporate information

reMarkable Invest AS (“the Company”) is the parent company in the reMarkable Invest Group (referred to as “reMarkable”, “reMarkable Invest Group”), whose main subsidiary is reMarkable AS. reMarkable AS is the operating entity of the reMarkable Invest Group and is a Norwegian company that develops, markets, and sells consumer electronics products termed ‘paper tablets’ and associated accessories.

The registered office of reMarkable Invest AS is located at Fridtjof Nansens vei 12 in Oslo, Norway (changed from Biermanns gate 6 in Oslo, Norway, in March 2024). The Company was registered on 17 November 2021 and founded on 27 October 2021.

These consolidated financial statements of reMarkable Invest AS for the year ended 31 December 2023, and comparative period for 31 December 2022, with date of transition to IFRS® on 1 January 2022, were authorized for issue in accordance with a resolution of the board of directors on 28 May 2024. These financial statements are to be approved by the annual general meeting in June 2024.

1.2 Basis of preparation

These consolidated financial statements have been prepared in accordance with the IFRS® Accounting Standards as adopted by the European Union (EU).

The financial statements are presented in USD and all amounts are rounded to the nearest thousand, unless stated otherwise.

These are the first consolidated financial statements prepared by the Group. Until the annual period ended 31 December 2022, the Group was exempted to produce consolidated financial statements, as its ultimate parent, reMarkable Holding AS produced consolidated financial statements.

These consolidated financial statements have been prepared based on the going concern assumption. When preparing financial statements, Management has made an assessment of the Group’s ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon the Group’s ability to continue as a going concern.

These consolidated financial statements have been prepared following the historical cost basis, with no material exceptions.

1.3 New standards and interpretations adopted by the Group and other changes in accounting policies

As required by IFRS 1, the Group has applied the same accounting policies for all periods presented in the financial statements (including financial position at date of transition to IFRS). These accounting policies are the ones including all standards, amendments and interpretations effective for the annual periods beginning on or after 1 January 2023.

1.4 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been

reMarkable Invest Group and reMarkable Invest AS

early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group's future reporting periods and foreseeable future transactions.

1.5 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. Management believes the underlying assumptions are appropriate.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different when, and to the extent that, the uncertainty is resolved. These areas are as follows:

- capitalization of integrations and implementation costs incurred in cloud service contracts. See Note 4.2 for further details on this critical judgement.

1.6 Group structure

reMarkable Invest AS is the parent of the reMarkable Invest Group. The Company's purpose and business consists of owning shares in reMarkable AS, as well as issuing shares to reMarkable Employee Share Holding I AS (RESHI AS) through share issues for employees.

The Company owns 100% of the shares in reMarkable AS and is a subgroup that is part of the consolidated accounts of reMarkable Holding AS.

The reMarkable Invest Group is comprised of the following subsidiary:

Name of entity	Place of business / country of incorporation	Ownership interests by the Group (%)			Principal activities
		2023	2022	1 January	
reMarkable AS	Norway	100	100	100	Operating company within the reMarkable Invest Group.

At 31 December 2023, the reMarkable Invest Group is owned by reMarkable Holding AS, which is its immediate and ultimate parent, holding 98% of its outstanding shares (and equal voting rights). reMarkable Holding AS also produces consolidated financial statements. See Section 5.8 for further details.

reMarkable Invest Group and reMarkable Invest AS

1.7 Significant transactions and events during the reporting period

The main transactions and events in relation to the Group are the following ones:

Transactions and events	Disclosure notes
The Group issued a bond denominated in NOK, for a nominal amount of NOK 500 million.	Sections 5.1 and 5.3

Other than those noted above, the Group has presented the material information of its financial position, highlighting any material changes, policies, judgements and estimates in the Group for the period presented.

reMarkable Invest Group and reMarkable Invest AS

SECTION 2 Summary of general accounting policies, estimates and judgements

Overview

This section includes an overview of the general accounting policies, which are those that do not relate to a specific line item in the financial statements, and it also includes reference to any significant judgements and estimates used when applying the Group's accounting policies.

reMarkable Invest Group and reMarkable Invest AS

2.1 Consolidated financial statements

The consolidated financial statements of the Group include those of reMarkable Invest AS and its wholly owned subsidiary reMarkable AS.

As indicated in the basis of preparation (see Section 1.2), these are the first consolidated financial statements by the Group, and therefore the reMarkable Invest Group has performed consolidation for comparative periods following the general consolidation rules under IFRS 10.

2.2 Foreign currency

2.2.1 Functional currency

The reMarkable Invest Group presents its financial statements in USD, which is also the functional currency of the companies within it.

Accounting judgements – determination of functional currency

Management has assessed the functional currency of reMarkable AS. Based on an analysis of its primary indicators (i.e., sales and operating expenses), it is concluded that the dominating currency is USD. This is mainly supported by degree of sales nominated in USD with respect to other currencies, the competitive force of the US in these markets, and the vast majority of production costs of inventory being nominated in USD.

For reMarkable Invest AS (Holding company in the Group) it is concluded that this company has no activities of its own (other than holding financing) and therefore it is regarded as an extension of its subsidiary, reMarkable AS.

The Group will reassess the functional currency of the Company when there is a change in events and conditions which determine the primary economic environment assessment.

2.2.2 Foreign currency transactions

Transactions in foreign currency are recorded, on initial recognition, at the spot rate at which the transaction qualifies for recognition under IFRS, unless applying average rates for the month would give a fair approximation to using the actual rates. For monetary items, the difference between the spot exchange rate at reporting date (or settlement date) and initial rate is recognized in the consolidated statement of comprehensive income, at each reporting date and until the moment of the settlement.

Non-monetary items are translated using the rates at initial recognition.

2.3 Statement of cash flows

The reMarkable Invest Group presents interests paid in financing activities whereas those received are presented in its operating activities.

reMarkable Invest Group and reMarkable Invest AS

2.4 Government grants

The reMarkable Invest Group has received approval of two “SkatteFUNN” projects for the period of 2021-2023.

Both for 2023 and 2022 the sum of the funding for the projects was NOK 4 750 thousand (equivalent to USD 467 thousand and USD 482 thousand, respectively), which has reduced capitalized development in the consolidated statement of financial position and will be subsequently recognized to profit or loss through reduced depreciations.

reMarkable Invest Group and reMarkable Invest AS

SECTION 3 Results of the year

Overview

This section includes disclosures in relation to the financial performance of the Group over the periods presented, including those relating to financing activities.

reMarkable Invest Group and reMarkable Invest AS

3.1 Segment information

reMarkable's business is to develop, market, and sell consumer electronics products termed 'paper tablets', as well as associated accessories.

Operating segments are components of the Group regularly reviewed by the chief operating decision maker ("CODM") to assess performance and be able to allocate resources. The CODM in reMarkable is the board of directors. The reMarkable Invest Group as a whole is operated as a single segment. See note 3.2 for a disaggregation of revenue based on the major class of products in the Group.

During 2023, revenues from one of the Group's customers amounted to more than 10% of the Group's total revenues, totaling USD 48 million.

Revenue from external customers in Norway amounted to 0.7% (2022: 0.8%), and non-current assets to USD 40 million (2022: USD 29 million). Non-current assets held by the Group outside Norway are mainly located in Hong-Kong and constitute production machinery.

The only individually material country in terms of revenue for the Group is the United States of America, where the Group obtained USD 176 million of its revenue during 2023 (2022: USD 158 million). Revenue is attributed geographically based on the location of the Group's customers.

3.2 Revenue from contracts with customers

3.2.1 Ordinary activities of the Group

reMarkable Invest Group's ordinary activities are to sell consumer electronics products termed 'paper tablets', associated accessories and subscriptions to its cloud-based solution, for value-added content and services, such as improved connectivity and additional storage space.

The majority of revenue from contracts with customers arise from the sale of the reMarkable device and its accessories from both the reMarkable website (directly to end-user) and through retailers and distributors.

During the periods presented in the financial statements, the Group's sales of tablets included the right for users access to the subscription offering (Connect) for up to one year, extended warranty period and extended return period. Services mentioned other than access to cloud cannot be obtained separately from the purchase of a tablet.

The Group's revenue can be disaggregated based on lines of product considering mainly the nature and uncertainties within each of these categories.

Accounting policies

Identification of contracts with customers and performance obligations

The Group acts as a principal on the sale of its products to customers. Two performance obligations are broadly identified in the Group: goods (mainly tablets and accessories) and access to cloud-based solutions (bundled or not with additional services).

Performance obligations for the sale of goods are satisfied at a point in time, mainly based on when risks are transferred to customers, when there is right to payment, and physical delivery has been completed in accordance with contractual terms (incoterms or otherwise stated). This means

reMarkable Invest Group and reMarkable Invest AS

that the Group typically recognized revenue upon delivery to end customers, or upon delivery in accordance with incoterms (typically DAP and DDP) to the retailers or distributors.

Services provided by the Group are satisfied linearly over the service period time, including those relating to extended warranty (service-type warranties). For service performance obligations associated with the sale of tablets, the Group applies the standard to its portfolio of performance obligations, as the Group reasonably expects that effects from applying the portfolio approach would not differ materially from the application on a contract-by-contract basis.

Goods delivered by reMarkable are typically prepaid when sales are directly made to end customers, and it ranges between 10 to 30 days after invoice date for retailers and distributors.

Transaction price

Irrespective of the sales channel, the transaction price for the sale of goods includes a variable element from the expected returns by customers (see Section 6.4 for further disclosures). Goods sold with a right of return are recognized as 'refund liabilities' within 'other current liabilities', with a corresponding decrease in revenue for the period. The right-of-return asset ('return assets') is recognized as 'other current assets' with a corresponding decrease in the 'cost of materials' of the Group.

For countries where taxes and duties on imports are included in final price to customers, the Group has applied judgement and concluded that it acts as an agent for such amounts, and therefore presents revenue net from payments to tax authorities. Judgement considered factors triggering the payment of the tax, risks held by reMarkable and the tax being based on sales price of the good.

The Group typically incurs payments to its customers for placement services (physically or in its clients' own sites, analogous to slotting fees) as a reduction in revenue. Otherwise, the Group recognizes consideration to customers in the same way as normal purchase of services, and typically include content creation and optimization.

The transaction price for the sale of goods and services in the Group also contains elements of variable consideration such as sales bonuses, discounts and rebates, which are recognized as reductions of revenue based on the expected values, but for which the Group considers no significant judgements or estimates are involved.

Allocation of transaction price to performance obligations

As indicated above, sales of tablets include some attached services. The Group estimates the value of the attached services mainly by reference to their market prices when sold separately.

reMarkable Invest Group and reMarkable Invest AS

3.2.2 Revenue disaggregation

Revenue by major class of products	2023	2022
<i>(Amounts in USD thousand)</i>		
Sales of devices and accessories (point in time)	320 780	249 400
Sale of subscriptions (over time)	17 298	16 331
Total revenue from contracts with customers	338 078	265 730

Taxes paid on imports are recognized as reduction of revenue and amounted to USD 11 534 thousand in 2023 (2022: USD 10 295 thousand).

3.2.3 Contract liabilities

The Group's contract liabilities mainly arise from the payment for the sale of tablets and accessories before control has been transferred to the customers, and from Connect subscription services. Sales of goods are typically recognized within days, and subscription services throughout the prepaid period (up to 12 months).

Return liabilities are not considered contract liabilities for the Group. These are classified on 'trade payables and other current liabilities' (see Section 6.4).

The Group held the following contract liabilities at the end of the periods presented:

	31 December	31 December	1 January
Total contract liabilities	2023	2022	2022
<i>(Amounts in USD thousand)</i>			
Prepaid services	9 975	6 775	1 624
Prepaid goods	876	3 486	1 670
Total contract liabilities	10 851	10 261	3 294

The movement in contract liabilities during the period affecting revenue has been the following:

Movement in prepaid services	2023	2022
<i>(Amounts in USD thousand)</i>		
1 January	6 775	1 624
Increase during the year due to new sales	9 975	6 607
Decrease due to revenue from satisfaction of performance obligation	(6 775)	(1 456)
31 December	9 975	6 775

Additionally, all advances from customers for provision of goods, recognized as contract liabilities at 31 December 2022, have been recognized as revenue during 2023.

reMarkable Invest Group and reMarkable Invest AS

3.3 Employee benefits

The number of year-equivalent employed by the Group over the 2023 financial period has been 431 (2022: 301). The Group's remuneration to employees mainly includes salaries, bonuses, and other benefits.

Employee benefits for the periods presented in the financial statements are disaggregated as follows:

Employee benefit expenses	2023	2022
<i>(Amounts in USD thousand)</i>		
Salaries (incl. holiday pay, insurance and other working benefits) and bonuses	38 168	28 587
Payroll tax	5 275	3 753
Defined contribution pension costs	6 343	4 420
Other benefits	1 302	1 221
Total employee benefit expenses	51 088	37 981
Capitalization of employee benefits	(9 358)	(5 598)
Total employee benefits net of capitalizations	41 730	32 383

The capitalization of employee benefit expenses is mainly due to works performed by the Group's employees developing new products and software recognised as intangible assets. See section Section 4.2 for further disclosures.

3.3.1 Pension schemes

The Group is required to have an occupational pension scheme for its employees in accordance with the Norwegian law on required occupational pension. The Group's pension scheme meets the requirements of that law. Employees covered by the Group's pension scheme amounted to 431 at 31 December 2023 (31 December 2022: 301; and 1 January 2022: 189).

reMarkable Invest Group and reMarkable Invest AS

3.3.2 Employee share purchase program

reMarkable Holding AS (parent controlling reMarkable Invest AS) offers reMarkable AS' employees the possibility to invest in the reMarkable Invest AS through the purchase of shares in reMarkable Employee Share Holding I AS, which is a company controlled by reMarkable Holding AS and that owns shares in reMarkable Invest AS. See Section 5.8 for further information on the Group's ownership structure.

The purpose of the employee share program 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 is limited to a share of their annual salary. The employees have a vesting period of 3 years. Until the vesting period is completed, reMarkable Holding AS has to different extents the right to repurchase the shares at the lower of purchase price equal to the consideration paid by the employee or the current market value.

The subscription price is deemed to equal the fair value of the reMarkable Employee Share Holding I AS' shares. Management has analyzed whether there is any difference between the fair value of the shares and the subscription price, and it has been concluded that this difference is expected to be negligible if any. Consequently, no employee benefits have been recognized.

The overall investment made by employees during 2023 and 2022 amounted to nil, and USD 1.2 million, respectively.

reMarkable Invest Group and reMarkable Invest AS

3.4 Other operating expenses

Other operating expenses incurred by the Group can be disaggregated as follows:

Other operating expenses	2023	2022
<i>(Amounts in USD thousand)</i>		
Selling and distribution services	57 430	73 971
Audit, legal, and other consulting fees	14 909	14 583
Software license fees and implementation costs	3 143	3 905
Short-term and low values leases	4 338	3 108
Others	2 899	2 239
Total other operating expenses	82 719	97 806

3.4.1 Fees to statutory auditors

The total remuneration to the auditor for the periods presented in these financial statements has been the following:

Remuneration to auditors	2023	2022
<i>(Amounts in USD thousand)</i>		
Statutory auditing	253	140
Other certification services	8	8
Tax advice	16	10
Other non-auditing services	139	43
Total remuneration to auditors	416	201

reMarkable Invest Group and reMarkable Invest AS

3.5 Income tax

Accounting policies

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred taxes are calculated at 22% of the temporary differences between book value and tax values, in addition to tax losses carried forward at the end of the accounting year.

The income tax rate has been determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realized, or the deferred income tax liabilities are settled.

3.5.1 Income tax expense

Income tax	2023	2022
<i>(Amounts in USD thousand)</i>		
Current income tax	4 382	810
Changes in deferred tax	2 253	(1 893)
Tax cost in P&L	6 635	(1 083)

Current income tax	4 382	810
Tax on group contribution	-	(26)
Tax payable	4 382	784

Calculation of effective tax rate

Calculated tax on profit before tax with 22%	5 978	(1 513)
Tax effect of permanent differences	657	430
Total calculated tax expense	6 635	(1 082)
Effective tax rate	24 %	16 %

The functional currency of the companies within the Group is USD while, under the Norwegian taxation system, taxes should be calculated based on NOK being functional currency. Therefore, the fluctuation in the exchange rate between NOK and USD has an effect on the effective tax rate of the Group.

reMarkable Invest Group and reMarkable Invest AS

3.5.2 Reconciliation of deferred tax

Reconciliation of deferred tax	31 December 2023	31 December 2022	1 January 2022
<i>(Amounts in USD thousand)</i>			
Fixed assets	3 668	(2 704)	(224)
Inventory	(958)	3 146	11 230
Other current assets	-	1 097	872
Contract liabilities	-	(6 330)	(1 339)
Short-term debt	(4 109)	(7 533)	(14 628)
Right-of-use asset	462	1 522	2 823
Lease liabilities	(136)	(1 495)	(2 653)
Provisions	(152)	(154)	(170)
Recognised tax losses carried forward	(928)	-	-
Other translation differences	(105)	(51)	-
Net differences	(2 259)	(12 502)	(4 089)
Not included in DTA		-	(210)
Deferred tax asset base	(2 259)	(12 502)	(4 299)
Deferred tax asset based on 22%	(497)	(2 750)	(946)

The Group did not have any unrecognised tax losses carried forward at any of the reporting periods presented. The Group may in the future offset these tax losses carried forward with taxable income from other subsidiaries in the Group.

The decrease in the deferred tax asset of the Group during 2023 is mainly explained by a change in the Group's applied principles for tax accounting for certain areas, including revenue from contracts with customers. This effect resulted in a decrease of deferred tax assets of USD 1.7 million.

3.6 Financial result

Net financial result	2023	2022
<i>(Amounts in USD thousand)</i>		
Financial income	1 538	206
Interest income on bank deposits	1 538	206
Financial expenses	(3 559)	(1 719)
Interests on borrowings	(3 147)	(810)
Interests on lease liabilities	(60)	(90)
Other financial expenses	(352)	(819)
Net foreign currency gains (losses)	553	(2 199)
Net financial result	(1 468)	(3 711)

The increase in the interests on borrowings is mainly due to the new borrowings entered into during 2023. See Section 5.3 for further disclosures.

reMarkable Invest Group and reMarkable Invest AS

SECTION 4 Invested capital

Overview

This section includes disclosures in relation to the capital invested by the Group in its tangible and intangible assets.

reMarkable Invest Group and reMarkable Invest AS

4.1 Property, plant and equipment

4.1.1 Classes of PPE assets held by the Group

The Group's property, plant and equipment (PPE) mainly consists of production machinery, and office equipment (including those in relation to information technology such as laptops, servers and similar nature). Additionally, the Group also presents right-of-use assets together with its PPE, which mainly comprise its headquarter offices in Oslo.

Accounting policies

The Group initially recognizes its PPE at cost, and subsequent cost is accounted at initial cost minus accumulated depreciation and impairments.

reMarkable Invest Group and reMarkable Invest AS

4.1.2 Reconciliation of carrying amounts

The following table includes a reconciliation of the carrying amount of the property, plant and equipment held by the Group:

Property, plant and equipment	Machinery and equipment	Leasehold improvements	Right-of-use assets	Total
(Amounts in USD thousand)				
Year ended 31 December 2022				
Cost	643	1 861	3 150	5 654
Accumulated depreciation and impairment	(155)	(154)	-	(309)
Opening book amount	488	1 707	3 150	5 345
Additions	2 308	-	221	2 529
Depreciation charge	(328)	(594)	(1 342)	(2 264)
Cost	2 951	1 861	3 371	8 183
Accumulated depreciation and impairment	(483)	(748)	(1 342)	(2 573)
Closing book amount	2 468	1 113	2 029	5 610
Year ended 31 December 2023				
Additions	1 490	-	-	1 490
Depreciation charge	(845)	(565)	(1 504)	(2 914)
Cost	4 441	1 861	3 371	9 673
Accumulated depreciation and impairment	(1 328)	(1 313)	(2 846)	(5 487)
Closing book amount 31 December 2023	3 113	548	525	4 186

The increase in machinery and equipment by the Group is mainly explained by the investment in the manufacturing facilities where reMarkable goods are produced.

Accounting estimates – useful lives and depreciation methods

The following depreciation methods and useful lives have been identified for each of the class of PPE assets identified in the Group:

	Machinery and equipment	Leasehold improvements	Right-of-use assets
Depreciation method	Straight-line	Straight-line	Straight-line
Useful life	3-5 years	Less than 1 year	Less than 1 year

The Group reviews useful life of its PPE assets at least at each period end, considering factors such as their obsolescence and expected levels of wear and tear.

The useful life of the right-of-use assets represents the remaining lease term held by the Group.

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4.2 Intangible assets

4.2.1 Classes of intangible assets held by the Group

The Group identifies the following major classes of assets based on their nature and use for the Group:

Own-developed technology	Own-developed technology includes the development of the technology related to tablets, products and services produced by the Group. This also includes improvement of design and functionalities of existing products and new products.
Software	Software held by the Company is mainly comprised by the Company's enterprise resource planning systems, and other systems linked to design, production and analysis of the Company's activities as well as integrations between them. This category also includes the Company's own work made on software controlled by the Company.
Patents and other rights	Patents include the development of products or functionalities. This mainly comprise acquired patents. Other rights comprise online store development.

Accounting policies

The Group recognizes its intangible assets, initially at cost, and subsequently at cost, minus accumulated depreciation and impairments.

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4.2.2 Reconciliation of carrying amounts

The following table includes a reconciliation of the carrying amount of the intangible assets held by the Group:

Intangible assets	Own-developed technology	Software	Patents and other rights	Total
<i>(Amounts in USD thousand)</i>				
At 1 January 2022				
Cost	20 496	127	27	20 650
Accumulated amortization	(6 850)	(57)	(8)	(6 915)
Opening book amount	13 646	70	19	13 735
Additions	7 874	1 437	1 149	10 460
Additions from internal development	5 644	-	-	5 644
Amortization	(4 561)	(6)	(112)	(4 679)
Cost	34 014	1 564	1 176	36 754
Accumulated amortization	(11 411)	(63)	(120)	(11 594)
Closing book amount	22 603	1 501	1 056	25 160
Year ended 31 December 2023				
Additions	8 446	3 325	1 905	13 676
Additions from internal development	8 032	2 155	-	10 187
Amortization	(5 647)	(9)	(400)	(6 056)
Cost	50 492	7 044	3 081	60 617
Accumulated amortization	(17 058)	(72)	(519)	(17 650)
Closing book amount	33 434	6 972	2 561	42 967

Development costs are related to improvements made on existing products and development of new products, accessories and software amounted to a total of USD 16.5 million during 2023 (2022: USD 13.5 million).

Additions to software during 2023 and 2022 are mainly related to the enterprise resource planning (ERP), supply chain and customer management systems' implementation. The Group performed significant integrations between the systems to enable proper data flows between the aforementioned systems, and other systems held the Group. Total expenditure for these projects, excluding ongoing costs to access to the cloud systems, amounted to USD 7.2 million in 2023, and an additional USD 4.2 million in 2022. Out of these amounts, the Group capitalized as part of its intangible assets USD 5.4 million in 2023, and USD 1.4 million in 2022, which required the exercise of significant judgement by Management, as further described below.

Critical accounting judgement – capitalization of integrations and implementation costs incurred in cloud service contracts

A significant amount of the Group's software assets is cloud-based systems, where the code resides in the seller's hardware, and the Group can access it through an internet connection.

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When capitalizing costs in relation to implementing software as a service systems, the Group applies significant judgement to specifically assess whether the code produced during customizations (i.e., actions leading to new or improved functionalities) and integrations between systems is controlled by the Group, either through copyright over the code, or through ownership of a copy over the code. Specifically, when the Group obtains ownership over a copy over the code, the Group considers decision making over that copy, such as relevant decisions over updates or maintenance, and its ability to restrict others to access the Group's copy of the additional code.

Intangible assets resulting from capitalized expenditures in relation to software as a service system are expensed over the contractual term of the SaaS arrangement and including any expected renewals until useful life of the developed assets are completed.

Accounting judgement – capitalization of internally generated intangible assets

The Group exercises significant judgement when deciding on the capitalization of its development projects. The area of judgement comes to assessing whether all the requirements as stated in IAS 38 have been met, particularly when differentiating research from development phase, where the Group relies on its internal processes to document such conclusions. In deciding the project phase, Management relies on each specific development project reaching a milestone in the development phase where the technological feasibility and economic viability of the project is confirmed.

Accounting estimates – useful lives and amortization methods

The amortization method, and the useful lives of by class of intangible assets are the following:

	Development	Software	Patents	Other rights
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line
Useful life	3-5 years	15 years	10 years	5 years

Management reassesses at each financial year-end, or earlier if Management identifies any specific indications, the remaining useful lives of its intangible assets. Specifically, for its software assets, Management considers technical, technological or commercial obsolescence are the most relevant factors in determining useful life. For development, Management considers the expected product life cycles independently and in relation to the industry.

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SECTION 5 Capital and debt structure

Overview

This section includes disclosures in relation to the capital and debt structure of the Group, including the material items in relation to borrowings, and information about the equity of the Group.

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5.1 Financial instruments

This section contains an overview of the Group's financial assets and liabilities. None of the financial instruments held by the Group are measured at fair value. The financial instruments' amortized cost is considered to be a close approximation to their fair value.

	31 December 2023	31 December 2022	1 January 2022
Financial assets			
<i>(Amounts in USD thousand)</i>			
Financial assets at amortised cost:			
Other non-current financial assets	5 415	5 477	462
Trade receivables	9 758	2 608	6 254
Cash and cash equivalents	93 452	52 568	72 099
Total financial assets	108 625	60 652	78 815
Financial liabilities			
<i>(Amounts in USD thousand)</i>			
Financial liabilities at amortised cost:			
Bonds	49 085	-	-
Supply chain financing	-	14 379	25 528
Lease liabilities	136	1 495	2 653
Trade and other payables	32 842	31 338	22 025
Total financial liabilities	82 063	47 212	50 206

5.2 Non-current financial assets

Non-current financial assets mainly consist of deposits for the lease of the office space the Group is going to commence in 2024. These deposits amounted to USD 5 346 thousand at 31 December 2023 (31 December 2022: USD 5 407 thousand). See Section 5.4 for further information on lease commitments.

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5.3 Borrowings

The Group enters into borrowings to finance its operations. Over the periods presented, the main form of financing has been through a bond issued during 2023, and through its supply chain financing arrangement. This supply chain financing agreement has been available during all reporting periods presented.

Accounting policies

Borrowings are initially recognized at fair value, net of transaction costs incurred that are directly attributable to the issuance of the financial liability. After initial recognition, borrowings are measured at amortized cost. Any difference between the net proceeds and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Supply chain financing

The Group presents amounts held from its supply chain facilities as part of its borrowings. In deciding this presentation, the Group considers the nature, commercial purpose and specific terms of the agreement.

For presentation in the statement of cash flows, see Section 2.3.

The following table disaggregates interest-bearing loans held by the Group:

Overview of borrowings <i>(Amounts in USD thousand)</i>	31 December 2023	31 December 2022	1 January 2022
Non-current			
Bonds	47 748	-	-
Total non-current borrowings	47 748	-	-
Current			
Bonds and other borrowings	1 337	-	1 887
Supply chain financing	-	14 379	23 641
Total current borrowings	1 337	14 379	25 528
Total borrowings	49 085	14 379	25 528

The increase in borrowings during 2023 is due to the issuance of a bond for a nominal amount of NOK 500 million bond, whose nominal amount has been reduced by the directly attributable costs from issuing the bond.

5.3.1 Main terms and conditions

Bond agreement

The bond was issued in October 2023, for a nominal amount of NOK 500 million, and accruing interests at 3 months NIBOR plus 7% margin. The Group does not pay any principal until maturity date (October 2027), and interest is paid quarterly.

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Provided that the Group is in compliance with certain ratios in relation to net interest bearing debt and EBITDA, the Group has the possibility to issue up to additional NOK 500 million in bonds, subject to the same terms and conditions as the original bond, but with separate issuance process to be followed.

The Group has the possibility to early repay its bond at any time, with certain compensations to bondholders for lost interest, and the possibility to early repay up to 35% of the bond upon the Group's equity becoming listed. These options are found to be not closely related to the host contract, however it has been concluded that these options have negligible value for the Group in the current circumstances.

The bondholders also have the possibility of early repayment of the bond due to change of control or unfavorable tax events. These options are considered to be closely related to the host agreement and therefore they have not been separately recognised by the Group.

Supply chain financing

In June 2022, the Group signed a supply chain financing agreement, which gave access to up to USD 20 million (increased to USD 25 million by year-end 2022) of uncommitted credit facility for the settlement of invoices issued by its main suppliers. The interest rate is determined by a 3.5% margin plus LIBOR (London Interbank Offered Rate). Credit term is up to 90 days after the supplier's invoices fall due. This agreement was updated during 2023 leaving terms mentioned substantially unchanged. Margin was updated to 3.55% plus 3 months SOFR (Secured Overnight Financing Rate).

5.3.2 Compliance with covenants

The Group is subject to financial covenants for its borrowings, whose main characteristics are described further below.

All covenants were met throughout the reporting periods presented in these financial statements, and there are no indications that the Group may have difficulties complying with the covenants in the foreseeable future.

Bond agreement

At year-end 2023, the Group is subject to the following financial covenants in relation to its bond:

- At all times, minimum liquidity of NOK 100 million (or its equivalent in other currencies). Liquidity includes cash and cash equivalents; any unutilized and available amounts under SSRCF (super senior revolving credit facilities); and any credit of any Group company on any payment processing platform.
- EBITDA of no less than NOK 150 million (or its equivalent in other currencies) for each 12 month period ending at the end of each quarter, or Leverage Ratio not greater than 4.0:1. Leverage ratio is defined as net interest bearing debt to EBITDA. Compliance is measured at the end of each quarter.

Supply chain financing

The Group is also subject to financial covenants in its supply chain financing agreement. These financial covenants were updated during 2023 and became similar to those for the bond agreement (see above).

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5.3.3 Assets pledged as security for liabilities

All assets of the Group are pledged for the outstanding bonds and other financing held at 31 December 2023. reMarkable AS, which is the main subsidiary of the Group, is one of the guarantors of the bond issued by reMarkable Invest AS during 2023. reMarkable Holding AS, which is the controlling entity over reMarkable Invest AS, is also a guarantor for the bond issued.

reMarkable Invest Group and reMarkable Invest AS

5.4 Leases

5.4.1 Nature of lessee's leasing activities

The Group's leasing activities mainly relate to office buildings. Additionally, the Group also leases IT equipment, furniture, and other small equipment.

Accounting policies

Right-of-use assets

The right-of-use assets are initially measured at cost. Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairments and adjusted for certain remeasurements of the lease liabilities. Depreciation of the right-of-use asset is carried out using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities

Lease liabilities are recognized at the lease commencement date. The lease liabilities are measured as the present value of future lease payments, discounting by the Group's incremental borrowing rate.

Lease liabilities are measured at amortized cost using the effective interest rate method.

Short-term and low value leases

Except for its office buildings, the Group concludes the rest of the leases to meet the low value threshold, for which the Group elects to not account for right-of-use assets and lease liabilities.

Non-lease components

Non-lease components are separated from lease components in the Group and therefore not being considered in the estimation of the right-of-use assets and lease liabilities.

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5.4.2 Right-of-use assets

The Group's right-of-use assets only pertain to its office buildings, and the reconciliation of its carrying values have been disclosed in Section 4.1.

5.4.3 Lease liabilities

The Group's lease liabilities and movements during the period are the following ones:

Lease liabilities	2023	2022
<i>(Amounts in USD thousand)</i>		
At 1 January	1 495	2 653
Additions	55	224
Interest expense	62	92
Lease payments	(1 371)	(1 170)
Currency effects	(105)	(303)
31 December	136	1 495
Current	136	1 221
Non-current	-	274

Disclosures on the maturity of lease liabilities are provided in the table below:

Contractual maturities	31 December 2023	31 December 2022
<i>(Amounts in USD thousand)</i>		
Less than 1 year	136	1 426
Between 1 and 3 years	-	144
Total contractual cash-flows	136	1 570
Recognized as liabilities	136	1 570

5.4.4 Amounts recognized in the consolidated statement of comprehensive income

	2023	2022
<i>(Amounts in USD thousand)</i>		
Interest expense (included in finance cost)	62	92
Expense relating to short-term and low-value leases	4 338	3 108
Expense relating to depreciation	1 504	1 342

Total cash outflows for leases have been USD 5 709 thousand for 2023 (2022: USD 4 278 thousand), including short-term and low value leases.

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5.4.5 Other lease information

The Group had lease agreements not yet commenced as of the end of the reporting periods presented. The following table illustrates the undiscounted future lease payments, for the non-cancellable period of the leases:

Lease commitments	31 December 2023	31 December 2022
<i>(Amounts in USD thousand)</i>		
Less than 1 year	3 650	-
Between 1 and 3 years	7 299	7 533
Between 3 and 5 years	7 299	7 533
More than 5 years	18 248	22 598
Total lease commitments	36 496	37 663

This lease commitment mainly relates to the Group's new headquarter offices, and excludes short-term and low value leases.

reMarkable Invest Group and reMarkable Invest AS

5.5 Reconciliation of cash flows from financing activities

Reconciliation of cash flow from financing activities	Bonds and other borrowings	Supply chain financing	Lease liabilities	Total
(Amounts in USD thousand)				
Liabilities from financing activities at 1 January 2022	1 887	23 641	2 653	28 181
Cash outflows from payments of principal	(1 887)	(23 641)	(1 079)	(26 607)
Interests paid	(78)	(732)	(92)	(902)
Cash inflows from new borrowings	-	14 379	-	14 379
New leases	-	-	224	224
Interest expense	78	732	92	902
Foreign currency effects	-	-	(303)	(303)
Liabilities from financing activities at 31 December 2022	-	14 379	1 495	15 874
Cash outflows from payments of principal	-	(14 379)	(1 309)	(15 688)
Interests paid		(1 918)	(62)	(1 980)
Cash inflows from new borrowings	44 786	-	-	44 786
New leases	-	-	55	55
Foreign exchange adjustments	2 962	-	(105)	2 857
Interest expense	1 337	1 918	62	3 317
Liabilities from financing activities at 31 December 2023	49 085	-	136	49 221

5.6 Financial risks and capital management

This section covers the main risks to which the Group is exposed, and how the Group manages those risks. Those risks are mainly credit risk, liquidity risk and market risk. For each type of risk identified, this note discloses or cross-references to information about the Group's exposures to the risk, how it arises; the Group's objectives, policies, and processes for managing the risk and the methods used to measure the risk. The Group's senior management oversees the management of these risks.

5.6.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

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Credit risk is mainly concentrated in the Group's trade receivables with customers, which mainly consist of receivables towards retailers and distributors.

The risk of losses on trade receivables is considered low, as the customer base is large and diverse and the Group's payment providers are well-established, reputable companies which release funds continuously within 3-7 days after customer purchase. The risk of losses from receivables on web shop orders resides with the payment provider and is reflected in the fees for their services.

reMarkable's retail distributor agreements typically involve an element of credit payment, but the Group assesses the risk of losses on receivables to be low on the back of only entering agreements with players that have undergone a counterparty check. In relation to an increased growth in the sales to retailers and distributors, the Group makes ongoing assessments of the payment terms provided, the credit risk entailed, and any other instruments that can be used to mitigate risk. The Group's trade receivables are not generally covered by credit insurance.

The Group follows up the ageing of the trade receivables with customers on an ongoing basis. As of the 31 December 2023, 99.7% of trade receivables were either not due or due less than 30 days (31 December 2022: 95.6%).

Cash and cash equivalents

The Group manages its exposure towards credit risks of individual banks by considering the amount of deposits that can be held in a single bank, considering among other factors the credit rating of its banks.

The Group is also exposed to credit risks from its cash equivalents, which are amounts held in payment processor companies. The Group performs an individual analysis of each agreement with payment processors, and regularly follows up credit ratings reports of such companies.

Other non-current assets

Other non-current assets mainly relate to its deposits for leases (see Section 5.2). These deposits are established in specific bank accounts for such purpose, and therefore is not exposed to individual credit risks of the lease provider.

5.6.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity risk by regularly monitoring its liquidity needs for working capital, and strategical investments, both for short-term and long-term needs, and periodically updates estimations through rolling forecasts. Additionally, the Group has access to additional liquidity, from its supply chain financing facility, another multifunctional currency line, and additional tap issues to its bond (see Note 5.3 for further details).

*reMarkable Invest Group and reMarkable Invest AS***5.6.2.1 Contractual maturities for financial liabilities**

Contractual maturities of lease liabilities are disclosed in Note 5.4.3.

Contractual maturities	Less than one year	Between one and three years	More than three years	Total
<i>(Amounts in USD thousand)</i>				
31 December 2023				
Bonds	5 852	11 703	49 153	66 708
Trade and other payables	32 686	-	-	32 686
Other current liabilities	57 904	-	-	57 904
Total	96 441	11 703	49 153	157 297
31 December 2022				
Supply chain financing	14 379	-	-	14 379
Trade and other payables	31 337	-	-	31 337
Other current liabilities	38 031	-	-	38 031
Total	83 747	-	-	83 747
1 January 2022				
Supply chain financing	23 641	-	-	23 641
Trade and other payables	22 025	-	-	22 025
Other current liabilities	55 339	-	-	55 339
Total	101 005	-	-	101 005

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5.6.3 Market risk

Market risk for the Group is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: currency risk and interest rate risk.

5.6.3.1 Interest rate risk

Interest rate risk for the Group is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is mainly exposed to interest rate risk from its interest-bearing debt, including the bond and the supply chain financing, as these instruments are exposed to changes in NIBOR. Part of the Group's exposure to interest rates is compensated by holdings of cash and cash equivalents. The Group does not use any derivatives to hedge against the variability on interest rates.

The following table demonstrates the sensitivity of the Group to a reasonably possible change in interest rates. With all other variables held constant, the Group's profit after tax and equity is affected through the impact on floating rate borrowings, as follows:

Sensitivity of changes in interest rates on borrowings <i>(Amounts in USD thousand)</i>	Impact on equity and profit after tax		
	31 December 2023	31 December 2022	1 January 2022
Increase in interest rate of 1%	(383)	(165)	(184)
Decrease in interest rate of 0.5%	192	82	92

The table above does not illustrate the offsetting effects that the holdings of cash and cash equivalents by the Group.

5.6.3.2 Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk in its financial assets and liabilities where the functional currency of the company in the Group is different to the currency in which the asset will be paid, or the liability discharged. The Group's policy in this respect is to have a natural hedge, by which the Group matches, to the extent possible, inflows and outflows of the currency.

The Group sells its products in multiple countries with pricing in local currencies. While the majority of the sales is in USD, the largest exposures to foreign currency with respect to sales and trade receivables consist of the EUR, GBP and, to a much lesser extent, NOK. The Company's expenditure commitments and a large part of the cost base (disregarding inventory cost, which is mainly denominated in USD) in foreign currency going forward will generally be nominated in NOK. Therefore, changes in the NOK/USD exchange rate have a direct impact on the Group's profitability as a stronger NOK will increase the Group's fixed cost base and vice versa.

The Group is also exposed to currency risks from its bond being denominated in NOK (see Section 5.3), while the functional currency of the companies in the Group being USD.

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The following table presents the Group's sensitivity to reasonably possible changes in exchange rates for the most material currencies in the Group. The following table includes financial instruments at 31 December that are denominated in other currency than USD:

Sensitivity of changes in foreign currency rates <i>(Amounts in USD thousand)</i>	Impact on equity and profit after tax		
	31 December 2023	31 December 2022	1 January 2022
	#		
10% increase in amount of USD per:			
NOK	1 081	2 248	(2 158)
EUR	(940)	830	1 613
10% decrease in amount of USD per:			
NOK	(1 081)	(2 248)	2 158
EUR	940	(830)	(1 613)

5.7 Capital management

The Group defines capital as equity. The Group's main objective when managing capital is to ensure the ability of the Group to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants. See Section 5.3.1 for covenants to which the Group is subject to.

5.8 Share capital and ownership structure

reMarkable's invest AS presents the following ownership structure:

Ownership of reMarkable Invest AS by company <i>(Number of shares)</i>	31 December 2023	31 December 2022	1 January 2022
reMarkable Holding AS	7 269 130	7 269 130	7 269 130
reMarkable Employee Share Holding I AS	148 150	148 150	83 794
Total shares	7 417 280	7 417 280	7 352 924

reMarkable Invest AS only has one type of share, with a nominal amount of NOK 0.35 is comprised. All shares have equal rights. There have been no changes in the number of shares, share capital or share premium of the Group during the 2023.

The evolution of the reMarkable Invest AS' ownership is explained by the employee share program disclosed in Section 3.3.2. reMarkable Holding AS controls reMarkable Employee Share Holding I AS by holding 100% of the issued class-A shares representing 67% of the voting rights.

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SECTION 6 Working capital

Overview

This section includes disclosures in relation to items considered part of the working capital of the Group, typically with a short-term nature, and related to its operating activities.

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6.1 Inventories

Inventories held by the Group mainly consist of finished goods controlled by the Group, such as tablets, markers and other accessories; and a certain security stock of key components necessary for its goods to be produced. The Group is not manufacturing its own products. These are produced by third parties often referred to as 'electronic manufacturing services' (EMS) suppliers.

Accounting policies

Inventories are measured at cost, which for the Group is typically the purchase cost of its goods, transportation costs until the point the goods are in the distribution centers of the Group; and non-refundable taxes such as customs duties.

Cost of inventory is assigned based on the weighted average cost formula.

The following table illustrates the different classes of inventory held by the Group, and cost of materials:

Inventories	31 December 2023	31 December 2022	1 January 2022
<i>(Amounts in USD thousand)</i>			
Raw materials	7 426	4 074	11 295
Work in progress	3 288	3 663	2 989
Finished goods	31 427	17 271	31 787
Total inventories	42 141	25 008	46 071
Cost of materials		2023	2022
<i>(Amounts in USD thousand)</i>			
Purchase of materials		193 150	110 703
Change in inventories		(17 133)	21 063
Total cost of materials		176 017	131 766

Accounting judgements – inventory recognition

The Group recognizes reMarkable-specific inventory held by its electronic manufacturing suppliers and presents it as raw materials. In arriving to this conclusion, the Group considers several factors such as low rotation, obsolescence risks, and the ability of EMS supplier to redirect the inventories to alternative uses.

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6.2 Trade receivables

Accounting policies

Trade receivables in the Group are measured at its amortized cost and reduced by the expected credit losses following the simplified approach under IFRS 9. Therefore, the Group does not follow up changes in credit risk and recognize expected lifetime losses at each reporting date.

The Group considers for its provision matrix its historical experience, adjusted by forward-looking information of its customers, industry, and general economic environment.

Trade receivables	31 December 2023	31 December 2022	1 January 2022
<i>(Amounts in USD thousand)</i>			
Trade receivables	9 758	2 608	6 254
Allowance for expected credit losses	-	-	-
Total trade receivables	9 758	2 608	6 254

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6.3 Cash and cash equivalents

The Group's cash and cash equivalents mainly consist of cash in bank and cash equivalents held in payment service providers (PSPs), typically arising from sales through its web shop. Amounts held in PSPs can typically be transferred to the Group's bank accounts within days, at the Group's sole discretion.

Accounting policies

Cash held in payment service providers are considered as cash equivalents by the Group when the Group can conclude that there are insignificant risk of changes in value (including credit risk), no significant fees, and can readily be transformed into known amounts of cash.

The Group's cash and cash equivalents can be disaggregated as follows:

Cash and cash equivalents	31 December 2023	31 December 2022	1 January 2022
<i>(Amounts in USD thousand)</i>			
Cash at bank	80 234	37 571	68 271
Restricted cash (payroll)	2 977	2 259	1 960
Unrestricted cash	77 257	35 312	66 311
Cash equivalents	13 218	14 997	3 828
Total cash and cash equivalents	93 452	52 568	72 099

The Group also holds financing bank overdrafts in the form of supply chain financing. See specific disclosures in Section 5.3.

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6.4 Trade payables and other current liabilities

Accounting policies

The Group presents refund liabilities separately from contract liabilities included in Section 3.2.

Trade, other payables and other current liabilities	31 December 2023	31 December 2022	1 January 2022
<i>(Amounts in USD thousand)</i>			
Trade and other payables	32 686	31 338	22 025
Trade payables	32 665	31 314	20 406
Other payables	21	24	1 619
Other current liabilities	58 305	38 215	54 204
Contract liabilities (see Section 3.2)	10 851	10 261	3 294
Refund liabilities	3 956	2 588	2 617
Payroll tax and other statutory liabilities	5 251	3 059	2 293
VAT payable	5 138	1 673	1 932
Raw materials in consignment (Section 6.1)	7 423	4 072	11 295
Other current liabilities	25 686	16 562	32 773
Total trade, other payables, and other current liabilities	90 991	69 553	76 229

Accounting estimates – estimated returns (refund liabilities)

The Group estimates returns on a continuous basis, considering historical experience (as long as it is representative of future expectations) and current information about future trends. Specifically, overstock clauses, and return periods granted to final customers are considered in estimating expected returns.

For this estimate, the Group estimates refund liabilities based on the expected value method for groups of contracts with similar characteristics, which are mainly differentiated by sales channel. Specifically, the Group also considers any overstock clauses when estimating refund liabilities from this revenue stream.

The conclusion on the volume of returns is a relevant input for the estimation of the right of return of inventories.

reMarkable Invest Group and reMarkable Invest AS

6.5 Provisions

The Group's provisions mainly relate to warranties over products sold, and other matters connected to its selling and production activities.

Accounting policies

Provisions for warranties

Provisions for warranties are measured based on Management's best estimate at the end of each reporting period. The amount of warranty provisions is based on an expected value model, where the Group uses historical information and current information about known or detected defects. Warranty provisions are considered for the whole population of goods sold and subject to warranty provisions, adjusting for known or expected cases affecting specific groups of goods (by series, production time, or any other applicable grouping).

Provisions in the Group at 31 December 2023 amounted to USD 2 052 thousand (31 December 2022: USD 873 thousand), of which USD 902 thousand (31 December 2022: 873 thousand).

reMarkable Invest Group and reMarkable Invest AS

SECTION 7 Other disclosures

Overview

This section includes disclosures in relation topics other than those covered in the previous sections, including related parties and events after the reporting period.

reMarkable Invest Group and reMarkable Invest AS

7.1 Related parties

7.1.1 Remuneration to key management personnel

The Board received no remuneration during the periods presented in the financial statements.

Key management personnel in the Group is comprised of the board of directors, and the executive management personnel. Executive management personnel includes, among other, the chief executive officer, and other chief executives in finance, operations, strategy, and others having similar authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel (incl. CEO)	2023	2022
<i>(Amounts in USD thousand)</i>		
Short-term employee benefits	3 130	2 534
Total remuneration to key management personnel	3 130	2 534

Remuneration to CEO	2023	2022
<i>(Amounts in USD thousand)</i>		
Short-term employee benefits	600	306
Other benefits	-	212
Total remuneration to CEO	600	518

reMarkable Invest Group and reMarkable Invest AS

7.1.2 Transactions and balances with related parties

Transactions and balances with related parties are presented in the tables below.

Balance sheet items by related party	31 December 2023	31 December 2022	1 January 2022
Other current receivables with:	30	-	2 643
reMarkable Employee Share Holding I AS	30	-	2 643
Other current liabilities with:	143	159	452
reMarkable Holding AS	143	159	452

Balances with reMarkable Employee Share Holding I AS mainly relate a receivable under an unregistered share capital increase, which was then registered and settled during 2022.

There have been no material transactions with any other related parties during the periods presented in these financial statements.

7.2 Commitments

The material capital commitments for the Group, at the end of the reporting periods presented, only relate to leasing, which is further disclosed in Section 5.4.5.

7.3 Events after the reporting period

The Group is not aware of any significant events after the end of the reporting period.

reMarkable Invest Group and reMarkable Invest AS

INCOME STATEMENT – REMARKABLE INVEST AS

<i>Amounts in NOK thousand</i>	Notes	2023	2022
Other operating expenses	<i>1, 2</i>	(167)	(234)
Total operating expenses		(167)	(234)
Operating profit/(loss)		(167)	(234)
Income from investment in subsidiary		0	234
Interest income	<i>3</i>	4 322	0
Interest expense	<i>4</i>	(13 011)	0
Other financial expenses		(584)	0
Net financial result		(9 273)	234
Profit/(loss) before income tax		(9 441)	0
Income tax expense	<i>5</i>	2 077	0
PROFIT/(LOSS) FOR THE YEAR		(7 364)	0
Transfers			
Loss brought forward		7 364	0
Total transfers and allocations	<i>6</i>	(7 364)	0

reMarkable Invest Group and reMarkable Invest AS

BALANCE SHEET – REMARKABLE INVEST

<i>Amounts in NOK thousand</i>	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investment in subsidiaries	7	223 519	223 519
Loan to group companies	8	490 000	0
Deferred tax assets	5	2 077	0
Total non-current assets		715 596	223 519
Current assets			
Other short-term receivables		40	0
Receivables from group companies		30	264
Cash and cash equivalents	3	4 282	19
Total current assets		4 352	283
TOTAL ASSETS		719 949	223 802

reMarkable Invest Group and reMarkable Invest AS

<i>Amounts in NOK thousand</i>	31 December 2023	31 December 2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	9	2 596
Share premium reserve	6	220 953
Uncovered loss		(7 364)
Total equity	6	216 185
		223 549
LIABILITIES		
Bonds	4	486 300
Total non-current liabilities		486 300
		0
Trade payables	8	1 587
Other current liabilities	4, 8	15 876
Total current liabilities		17 463
		253
Total liabilities		503 763
		253
TOTAL EQUITY AND LIABILITIES	719 949	223 802

reMarkable Invest Group and reMarkable Invest AS

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Vegard G. Veiteberg
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Vegard Gullaksen
Veiteberg

Chair of the Board

DocuSigned by:

Marius Juul Møller
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Marius Juul Møller
Board member

DocuSigned by:

Philip S. Hess
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Philip S. Hess

Chief executive officer

DocuSigned by:

Mikkel Andreas Ektvedt
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Mikkel Andreas Ektvedt
Deputy Board member

Oslo (Norway)

28 May 2024

reMarkable Invest Group and reMarkable Invest AS

INDIRECT CASH FLOW – REMARKABLE INVEST AS

<i>Amounts in NOK thousand</i>	Notes	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		(9 441)	0
Change in accounts payable		1 587	0
Change in other accrual items		16 168	19
Net cash flow from operating activities		8 314	19
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Payments to buy shares and participation in other companies		0	(11 116)
Payment of loan to reMarkable AS		(490 000)	(11 116)
Net cash flow from investing activities		(490 000)	(11 116)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from Bond	4	500 000	0
Payment transaction costs Bond		(14 285)	0
Proceeds from equity		0	34 422
Proceeds from Group contributions		234	0
Payment of Group contributions		0	(23 306)
Net cash flow from financing activities		485 950	11 116
Net increase/(decrease) in cash and cash equivalents		4 263	19
Cash and cash equivalents at the beginning of the period		19	0
Cash and cash equivalents at the end of the period		4 282	19

reMarkable Invest Group and reMarkable Invest AS

NOTES TO FINANCIAL STATEMENTS – REMARKABLE INVEST AS

1. Accounting principles

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and generally accepted accounting principles in Norway.

Functional currency, reporting currency and presentation currency

reMarkable Invest AS has assessed that the company has no activities of its own (other than holding financing) and therefore it is regarded as an extension of its subsidiary, reMarkable AS, where the dominating and functional currency is USD. Under the Norwegian Accounting Act §3-4, the company has the availability to chose NOK as accounting currency and has therefore decided to apply NOK as both accounting currency and presentation currency.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilized.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred that are directly attributable to the issuance of the financial liability. After initial recognition, borrowings are measured at amortized cost. Any difference between the net proceeds and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the normal operating cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are recognized on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and associated companies

Subsidiaries are accounted for using the cost method in the company accounts. The investment is recognised at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such writedown must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends and group contributions from subsidiaries are normally recognized to income in the accounting year, as allowed by the Norwegian Accounting Act. For 2023, this option has not been utilized due to practical reasons, and no group contributions have been recognized in the financial statements for 2023.

reMarkable Invest Group and reMarkable Invest AS

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

2. Salary costs and benefits

reMarkable Invest AS has not had any salary costs or benefits in 2023 and there are no such obligations.

No remuneration has been paid to the board in 2023

The expensed audit fee for 2023 is NOK 84k including VAT, of which NOK 40k represents consultancy services for other services including the preparation of financial statements and tax returns.

3. Cash and cash equivalents

The company has no restricted bank deposits as of 31.12.2023.

4. Bond

Overview of borrowings	2023	2022
Bond	486 300	0
Total	486 300	0

The increase in borrowings during 2023 is due to the issuance of a bond for a nominal amount of NOK 500 million bond, whose nominal amount has been reduced by the directly attributable costs from issuing the bond.

Main terms and conditions in bond agreement

The bond was issued in October 2023, for a nominal amount of NOK 500 million, and accruing interests at 3 months NIBOR plus 7% margin. The Group does not pay any principal until maturity date (October 2027), and interest is paid quarterly.

Provided that reMarkable Invest AS is in compliance with certain ratios in relation to net interest bearing debt and EBITDA, reMarkable Invest AS has the possibility to issue up to additional NOK 500 million in bonds, subject to the same terms and conditions as the original bond, but with separate issuance process to be followed.

reMarkable Invest AS has the possibility to early repay its bond at any time, with certain compensations to bondholders for lost interest, and the possibility to early repay up to 35% of the bond upon the Group's equity becoming listed. These options are found to be not closely related to the host contract, however it has been concluded that these options have negligible value for reMarkable Invest AS in the current circumstances.

The bondholders also have the possibility of early repayment of the bond due to change of control or unfavorable tax events. These options are considered to be closely related to the host agreement and therefore they have not been separately recognized by reMarkable Invest AS.

reMarkable Invest Group and reMarkable Invest AS

Compliance with covenants

At year-end 2023, reMarkable Invest AS is subject to the following financial covenants in relation to its bond:

- At all times, minimum liquidity of NOK 100 million (or its equivalent in other currencies). Liquidity includes cash and cash equivalents; any unutilized and available amounts under SSRCF (super senior revolving credit facilities); and any credit of any Group company on any payment processing platform.
- EBITDA of no less than NOK 150 million (or its equivalent in other currencies) for each 12 month period ending at the end of each quarter, or Leverage Ratio not greater than 4.0:1. Leverage ratio is defined as net interest bearing debt to EBITDA. Compliance is measured at the end of each quarter.

As of 31.12.23 the covenants are complied with.

Assets pledged as security for liabilities

All assets of reMarkable Invest AS are pledged for the outstanding bonds and other financing held at 31 December 2023. reMarkable AS, which is the main subsidiary of the Group. The Guarantors are the Parent (reMarkable Holding AS); the Operating Company (reMarkable AS); and the issuer (reMarkable Invest AS); and any other so designated material Group company

5. Tax

This year's tax expense	2023	2022
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	(2 077)	0
Tax expense on ordinary	(2 077)	0
Taxable income:		
Result before tax	(9 441)	0
Permanent differences	0	(234)
Received intra-group contribution	0	234
Taxable income	(9 441)	0
Payable tax in the balance:		
Payable tax on this year's result	0	(52)
Payable tax on profit before tax	0	52
Total payable tax in the balance	0	0
Calculation of effective tax rate:		
Profit before tax	(9 441)	0
Calculated tax on profit before tax	(2 077)	0
Total payable tax in the balance	(2 077)	0
Effective tax rate	22%	0%

reMarkable Invest Group and reMarkable Invest AS

6. Equity

<i>Amounts in NOK thousand</i>	Share capital	Share premium	Other paid-in equity capital	Other equity capital	Total equity
Balance at 1 January 2022	2 596	220 953	0	0	223 549
Profit/(loss) for the year	-	-	-	(7 364)	(7 364)
Balance at 31 December 2022	2 595	220 953	0	(7 364)	216 185

7. Subsidiaries

reMarkable Invest AS owns 100% of the shares in reMarkable AS, which gives reMarkable Invest AS 100% of the votes in the company. reMarkable AS has its registered office in Oslo.

8. Related party transactions

Liabilities	2023	2022
Other short-term liabilities within the group	2 865	253
Total	2 865	253
Receivables	2023	2022
Loan to group companies	490 000	0
Total	490 000	0
Profit or loss items	2023	2022
Interest income subsidiaries	40	0
Total	40	0

9. Share capital and ownership structure

Share capital in reMarkable Invest AS as of 31.12		Nominal amount	
consists of:	Total		Entered
Ordinary shares	2 417	0.35	2 596
Total	2 417		2 596

reMarkable Invest AS presents the following ownership structure:

Ownership structure	Ordinary	Owner interest	Share of votes
reMarkable Holding AS	7 269	98%	98%
reMarkable Employee Share Holding I AS	148	2%	2%
Total number of shares	7 417	100%	100%



To the General Meeting of reMarkable Invest AS

Independent Auditor's Report

Opinion

We have audited the financial statements of reMarkable Invest AS, which comprise:

- the financial statements of the parent company reMarkable Invest AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows 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 Invest AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 and 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and 31 December 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Offices in:

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 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 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 and 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's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty 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 a true and fair view.
- 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.

Oslo,

KPMG AS

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

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Vintervoll, Karianne F

Statsautorisert revisor

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