reMarkable Invest Group

Presentation at DNB Nordic Credit Conference 2024

reMarkable

Words from the CEO

Launching new products that excite our customers is what we live for at reMarkable. With our September 4 launch of the new reMarkable Paper Pro, it’s been a pleasure to see the response from our customers and the glowing reviews.

The launch marks the culmination of many years of work to develop what we believe is the best paper tablet experience. We built the Paper Pro around a new, larger, color display and delivering a more precise, responsive writing experience.

September by itself was our best month ever – recording more than 70% YoY growth and we exit the quarter with a very healthy cash balance of USD 121m. With our year-to-date performance already ahead of the same period last year we look forward to an exciting holiday peak selling season.

Best,
Phil Hess
CEO

1

Executive summary

Introducing reMarkable Paper Pro

The largest launch in reMarkable's history

Great customer reception
More than 55k units sold in first month alone (direct channel only)

Very strong reviews

Well-executed launch
First customers received the product 24 hours after ordering

Assembly at our EMS partner's facility in Vietnam running smoothly

The Verge

"**As outrageous as it is luxurious**... reMarkable has pushed E Ink displays to their limits here, and by God do I love it for that... **Writing on this thing is smooth like butter**."

engadget

"**The Paper Pro is a leap ahead of its rivals.**"

Forbes

"The new Paper Pro tablet from reMarkable moves the company's vision of **combining PC with paper closer to reality, adding color and capability while keeping the philosophy of focus intact**."

Q3 2024 highlights

Revenues
The successful launch of reMarkable Paper Pro ("rMPP") during September is the main contributor to the 11% year-on-year topline growth. September revenues amounted to USD 52.1m which represents 73% growth year-on-year.

Volumes are on par with last year's level. During 2023 volumes were exceptionally strong due to a combination of our distributors stocking up as well as robust performance in our own channel, prior to the full-scale retail launch.

While we prioritized supplying our own channel at launch, our distributors are now stocking up to supply our resellers ahead of the peak selling season.

Gross margin
Has improved by 7 pp. year-over-year primarily due to improved unit economics associated with reMarkable Paper Pro, increase in subscription revenues and reduced shipping costs. These effects were further reinforced by provisions for retail returns in Q3-23 which have since been reversed.

EBITDA
In absolute terms, EBITDA improved by USD 2.1m year-on-year, mainly driven by the topline and gross margin improvements and partially offset by the increased opex base.

Cash, Net Interest-Bearing Debt and Covenants
The launch of rMPP has resulted in a significant strengthening of liquidity. As at the end of the quarter we now have a net cash position of USD 29.4m and are in full compliance with covenants [4].

Key figures [1]	Q3 2024 [2]	Q3 2023 [2]	Year-over-year change
Total revenues	USD 102.0m	USD 91.5m	11.4%
Gross margin	48%	41%	7 pp.
EBITDA	USD 15.1m	USD 13.0m	16.1%
EBITDA margin	14.8%	14.2%	0.6 pp.
Cash and Cash Equivalents [3]	USD 121.1m	USD 58.6m	106.8%
Net Interest-Bearing Debt	USD (29.4)m	USD (34.7)m	USD 5.3m

1) Please see the Alternative Performance Measures ("APM") section for reMarkable's assessment of applicable APMs and their respective definition.

2) Condensed consolidated financial statements are unaudited and have been prepared in accordance with IFRS at reMarkable Invest AS level. The reMarkable Group (herewith referred to as "reMarkable" or the "Group") comprise of the parent company, reMarkable Invest AS, and the fully-owned subsidiary and operating company, reMarkable AS.

3) In addition, reMarkable has access to an undrawn, uncommitted supply chain facility of USD 25m.

4) Bond covenants require reMarkable to i) maintain liquidity of no less than NOK 100m at all times and ii) maintain an LTM EBITDA of no less than NOK 150m or a Leverage Ratio no greater than 4.0:1

2

Interim Condensed Consolidated Financial Statements

Interim condensed consolidated statement of comprehensive income

USDm	Q3-24	Q3-23	YTD24	YTD23
Sales revenue	93.0	87.5	237.6	225.4
Subscription revenue	9.0	4.0	22.4	13.6
Total operating revenue	**102.0**	**91.5**	**260.1**	**239.0**
Cost of materials	(48.7)	(47.0)	(131.9)	(125.4)
Employee benefit expenses	(13.8)	(10.4)	(35.1)	(27.4)
Other operating expenses	(24.4)	(21.1)	(66.8)	(57.7)
Depreciation & amortisation	(2.5)	(2.4)	(10.0)	(6.8)
Operating profit/(loss)	**12.7**	**10.6**	**16.3**	**21.8**
Financial income	0.6	0.4	1.8	0.7
Financial expenses	(2.6)	(0.6)	(7.1)	(1.6)
Other financial gains/(losses)	0.1	(0.1)	1.3	(0.2)
Net financial result	**(1.9)**	**(0.4)**	**(4.0)**	**(1.0)**
Profit/(loss) before income tax	**10.8**	**10.3**	**12.3**	**20.8**
Income tax expense [3]	(2.5)	(2.3)	(2.5)	(4.9)
Profit/(loss) for the period	**8.2**	**8.0**	**9.7**	**15.9**
Net other comprehensive income/(loss)	-	-	-	-
Comprehensive profit/(loss) for the period	**8.2**	**8.0**	**9.7**	**15.9**

Interim condensed consolidated statement of financial position (1/2)

USDm	Sep-24	Dec-23
Non-current assets		
Intangible assets [4]	59.2	43.0
Property, plant and equipment [5]	38.2	4.2
Net deferred tax assets	0.1	0.5
Other non-current financial assets	6.7	5.4
Total non-current assets	**104.3**	**53.1**
Current assets		
Inventories	87.6	42.1
Trade receivables	24.6	9.8
Other current assets	7.6	5.5
Derivative financial assets	0.3	-
Cash and cash equivalents	121.1	93.5
Total current assets	**241.3**	**150.8**
Total assets	**345.6**	**203.9**

Interim condensed consolidated statement of financial position (2/2)

USDm	Sep-24	Dec-23
Share capital	0.3	0.3
Share premium	25.5	25.5
Retained earnings	38.7	29.0
Other equity	2.1	2.1
Total equity	**66.7**	**56.9**
Borrowings	46.5	47.7
Lease liabilities	25.5	-
Non-current provisions	0.0	-
Total non-current liabilities	**72.0**	**47.7**
Trade and other payables	57.0	32.8
Lease liabilities (current portion)	2.2	0.1
Borrowings [6]	17.6	1.3
Current tax liabilities	5.8	4.5
Current provisions	1.2	2.1
Other current liabilities [7]	123.2	58.3
Total current liabilities	**207.0**	**99.2**
Total equity and liabilities	**345.6**	**203.9**

Interim condensed consolidated statement of cash flows

USDm	Q3-24	Q3-23	YTD24	YTD23
Profit/(loss) before income tax	10.8	10.3	12.3	20.8
Adjustments for:				
Depreciation & amortization	2.5	2.4	10.0	6.8
Net financial income and expenses	2.0	0.3	5.3	1.0
Net foreign exchange differences	1.0	0.0	(2.2)	(0.2)
Working capital changes	38.2	14.5	23.7	(11.6)
Income Tax Paid	0.0	0.3	(0.7)	(0.5)
Interests received	0.6	0.4	1.8	0.7
Net cash flow from operating activities	**55.1**	**28.1**	**50.1**	**17.1**
Expenditures on intangible assets	(9.1)	(6.5)	(21.6)	(17.1)
Receipt/(payment) of deposits	-	-	(1.7)	0.0
Expenditures on PPE	(5.0)	(0.0)	(7.6)	(0.6)
Net cash flow from investing activities	**(14.0)**	**(6.5)**	**(30.9)**	**(17.8)**
Interests paid	(2.1)	(0.6)	(6.4)	(1.4)
Principal portion of lease liabilities	(0.4)	(0.4)	(1.3)	(0.9)
Cash receipt from borrowings	16.4	0.1	16.4	9.0
Group contribution	-	0.1	-	-
Net cash flow from financing activities	**13.8**	**(0.8)**	**8.7**	**6.7**
Net change in cash & cash equivalents	54.9	20.8	27.9	6.0
Cash and cash equivalents BoP	66.5	37.8	93.5	52.6
Cash and cash equivalents EoP	121.4	58.6	121.4	58.6

Interim condensed consolidated statement of changes in equity

USDm	Share capital	Share premium	Retained earnings	Other equity	Total equity
Balance at 1 January 2023	**0.3**	**25.5**	**8.6**	**2.1**	**36.5**
Profit/(loss) for the period	-	-	15.9	-	15.9
Group contribution	-	-	(0.1)	-	(0.1)
Balance at 30 September 2023	**0.3**	**25.5**	**24.4**	**2.1**	**52.3**
Balance at 1 January 2024	**0.3**	**25.5**	**29.0**	**2.1**	**56.9**
Profit/(loss) for the period	-	-	9.7	-	9.7
Balance at 30 September 2024	**0.3**	**25.5**	**38.7**	**2.1**	**66.7**

3

Notes to the Interim Condensed Consolidated Financial Statements

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate Information

These interim condensed consolidated financial statements of reMarkable Invest AS, for third quarter (“Q3 2024”) and nine-month period ended 30 September 2024 (“YTD Q3 2024), were authorized for issue in accordance with a resolution of the Board of Directors on 4 November 2024. The Board confirms that the interim financial statements have been prepared in accordance with applicable standards and give a true and fair view of the reMarkable Invest Group’s assets, liabilities, financial position and results of operations.

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.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Therefore, these interim condensed consolidated financial statements do not include all required disclosures required by IFRS® Accounting Standards for a complete set of annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

These interim condensed 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. The Group has applied consistent accounting policies with respect to the 2023 annual financial statements. All amounts are presented in USD million unless otherwise stated.

These condensed interim consolidated financial statements are not audited.

The business of the Group is subject to seasonality, where higher sales and operating profits are usually expected during the fourth quarter of the year. The reason for such peaks is mainly the increased demand for devices such as reMarkable’s during the November and December months. However, the Group does not consider its operations to be highly seasonal in accordance with IAS 34.

Notes to the Interim Condensed Consolidated Financial Statements

3. Income tax

For the interim periods, income tax expense is recognized based on the Group's best estimate of the weighted average effective annual income tax rate expected for the full financial year. For the first nine months of 2024, the applied effective tax has been 20% (2023:23%). The reason for the fluctuation is that 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.

4. Intangible assets

The additions of USD 21.6 million during 2024 are due to the continuation of the ongoing development projects at 31 December 2023, which mainly related to development costs associated with the improvements made on existing products and development of new products, accessories and software.

At the beginning of the second quarter of 2024, the Group completed significant parts of its enterprise resource planning (ERP), supply chain and customer management systems' implementation, and therefore the Group started amortizing those assets. At the end of the third quarter, the Group completed development projects related to the new technology introduced in its newly launched products, subsequent developments of its ERP, and other projects. These project completions resulted in the Group's intangible assets in development phase to go from USD 27.7 million at 31 December 2023, to USD 7.8 million at 30 September 2024.

Notes to the Interim Condensed Consolidated Financial Statements

5. Leases

At the beginning of 2024, the Group commenced its lease agreement for its main headquarters in Oslo. This lease has a non-cancellable period of 10 years. Additionally, the lease agreement includes an extension option at reMarkable's discretion. The Group does not consider reasonably certain to exercise this option based on current facts and circumstances, and considerations on future capacity needs of the business. This lease agreement resulted in the initial recognition of right-of-use assets and lease liabilities amounting to USD 30.9 million and USD 29.5 million, respectively.

The potential future cash outflows from the extension option not reflected in the measurement of the lease liability amounts to USD 12.8 million, on an undiscounted basis.

The lease payments are annually updated in accordance with the changes in the consumer price index. The Group separated non-lease components, mainly services in the building.

As this lease agreement is denominated in NOK, the evolution of the exchange rates between USD and NOK will have an effect on the lease liabilities presented in the consolidated statements of financial position, and "other financial gains/(losses)" in the statement of financial performance.

No significant changes occurred with respect to leases during the third quarter of 2024.

6. Borrowings

The increase in borrowings at the 30 September relate to the supply chain financing entered into by the Group, whose terms are indicated in Section 5.3.1 of the annual consolidated financial statements for 2023. At 30 September 2024, borrowings from supply chain financing amount to USD 16.4 million.

Notes to the Interim Condensed Consolidated Financial Statements

7. Other current liabilities

The change in other current liabilities is mainly explained by the evolution of contract liabilities, refund liabilities and inventory commitment liabilities. At 30 September 2024, these liabilities amounts to USD 73.7 million, from USD 22.2 million at 31 December 2023. The increase is mainly attributed to the launch of the Group's new product (reMarkable Paper Pro), with corresponding effects in order backlog, expected returns and production plans.

8. Events after the reporting period

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

4

Alternative Performance Measures

reMarkable applies APMs to provide stakeholders with valuable insight when assessing financial performance

Assessment of Alternative Performance Measures

The Group reports it financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU.

Management believes that certain alternative performance measures ("APM") provide both management and other users of the financial statements with valuable insights when assessing the Group's performance. The APMs used here are consistently utilized in planning for and forecasting future periods, including assessment of financial covenants compliance.

Definitions

- Gross Margin is defined as total operating revenue less the cost of materials, PSP fees, inbound and outbound shipping costs divided by the total operating revenue. The Group has chosen to present this metric as it assists users of the financial statements to understand the entity's profitability before operating expenses
- EBITDA is defined as the profit /(loss) for the period before depreciation and amortization, net financial income (expenses) and income tax expense. The Group has chosen to present this metric as it assists users of the financial statements to understand the overall picture of profit generation within the Group's operating activity
- EBITDA margin is defined as the profit/(loss) for the period before depreciation and amortization, net financial income (expenses) and income tax expense divided by the total operating revenue. The Group has chosen to present this metric as it assists users of the financial statements to understand the overall picture of profit generation within the Group's operating activity
- Net Interest-Bearing Debt is defined as Interest-Bearing Debt less Cash and Cash Equivalents. The Group has chosen to present this metric as it is a key covenant within the respective bond agreement