Annual Report 2023

Key highlights

1

2023 total revenue

USD 36.6 million,

with gross profit margin of 61% and reduced EBITDA-loss to USD 6.8 million

2

Execution of Airthings 3.0 strategy shortening the

path to profitability,

improved gross profit margin and lower operating cost

3

Several new launches including the

Airthings Renew smart air purifier,

marking the entry into IAQ mitigation and enabling new revenue streams

4

Improved GTM model for Consumer is driving

+100% revenue

growth from Airthings.com with improved unit economics

5

Further expansion of

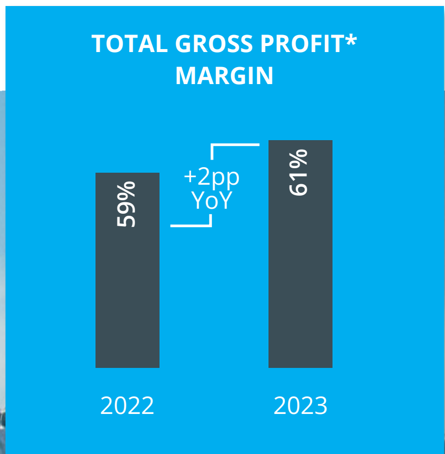
Airthings for Business

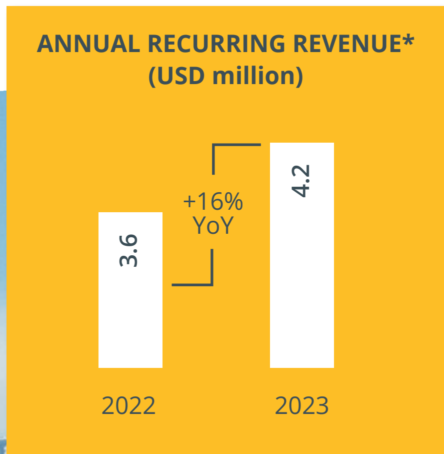
with top global enterprise customers and school districts

6

Advanced SW analytics features

like Space Occupancy, Ventilation Rate, and Energy Toolkit are reinforcing software-centric product focus





*Alternative performance measures, see page 84-85

Airthings

Leaders in the invisible

Rooted in our beginnings as an innovator in the realm of radon monitoring, Airthings provides a suite of elegant indoor air quality (IAQ) monitors complemented with powerful software solutions. For both consumers and businesses.

We enable people to be aware of the air they are bringing into their bodies, the impact it has, and to take action to improve it. The clarity of information we provide is pushing the industry forward.

Revenue 2023

36.6 MUSD

CAGR, 2015 — 2023

43%

ARR 2023

4.2 MUSD

Airthings is addressing two critical issues

The problem

1. Health

The air we breathe has significant impact on our health, but we don`t know what is in it

Radon Induces Cancer

Respiratory Problems

2. Energy

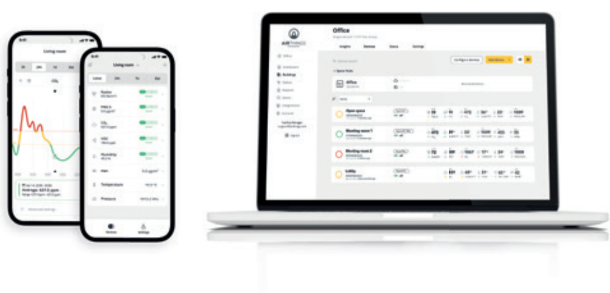
Massive amounts of energy are consumed regulating indoor climate, but it is largely done in the blind

Sub-optional Energy Consumption

Building Health

The solution — Actionable insights and indoor air quality control

Top of the line products monitoring and controlling Indoor Air Quality



Actionable insights to optimize and automate IAQ and energy consumption

Uniquely positioned to capture global market

376M
residential homes in EU and North America

Airthings for consumers

130M
offices in EU and North America

Airthings for Business

9M
classrooms in EU and North America

Airthings for Business

Supported by lasting factors and megatrends

Sustainability

Health tech

Energy efficiency

Smart home

Regulations

Airthings 3.0

Updated strategy focused around three key pillars…

1	Go-to-market strategy	• Own the customer relationship and move towards a digital-first GTM model • Improve scalability and unit economics • Narrow geographic focus and go deeper rather than broader
2	Product focus	• Become a hardware-enabled software Company, with a software-first mentality • Create awesome customer experiences and sell more to existing customers
3	Operating model	• Transition to a more automated way of operating that properly enables growth • Focus on continuously reducing both variable and fixed costs

…to drive scalable growth and profit over time

Growth in revenues

+

Expansion of gross profit margins

+

OPEX growing **less than 1-to-1** with revenue

Positive and expanding EBIT/EBITDA margins

The year in brief

Despite a continued challenging market with macro headwinds, Airthings delivered 3% revenue growth to USD 36.6 million in 2023, and 16% growth in annual recurring revenue (ARR) to 4.2 million. Gross profit grew 6% to USD 22.3 million with gross margin improvement from 59% to 61%, and the loss before tax, declined to USD 8.0 million from a loss of USD 13.7 million in 2022.

The Company has seen an increase in promising results after introducing a revised strategy, Airthings 3.0. Introduced in the second quarter of 2023, this strategy has a two-fold goal, first to drive revenue growth while improving gross profit margins and secondly, to lower the percentage share of operating costs.

For the last three quarters of 2023, Airthings reported 6% revenue growth, 3 percentage points higher gross margin, and 12% lower operating costs. As a result, the EBITDA loss for the last three quarters was reduced by USD 4.7 million to USD 3.6 million compared to the same three quarters in 2022.

The continued execution of Airthings 3.0 strategy will shorten the time to profitability, combined with efforts to reduce working capital, the new strategy means the Company is likely fully funded to break even.

Quarterly highlights

1Q

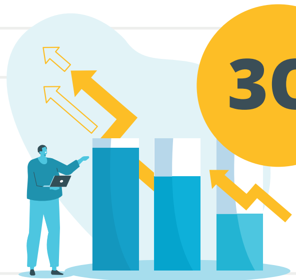
Airthings reinforced its brand as a leading indoor air quality company with the launch of a new consumer website at the CES conference in Las Vegas, and the new Airthings Energy Efficiency Toolkit was promoted at the world's largest HVAC event at AHR in Atlanta. Airthings was listed in Fortune 25 Top Healthy and Wellness Products for 2023.

2Q

Airthings entered the California school market with 5,000 devices sold under the CalSHAPE program, with significant potential for expansion. On the product side, Airthings launched Wave Plus Black for consumers on Airthings.com and Amazon. Airthings for Business saw the launch of 'Space Utilization', the first-ever IAQ monitoring tool with occupancy detection, and a new mobile app for facility management.

3Q

Sales on Airthings.com increased by 100%+ year-on-year, in line with the new strategy. The expansion of the Airthings for Business portfolio continued, with a new partnership with Lindab broadened from ventilation to HVAC, and new partnerships with Planon, Rentokil Initial, and DMI Companies.



4Q

With launches including Space Nano and Ventilation Rate for Airthings for Business, the portfolio of B2B solutions available continues to grow. Additionally, the Company unveiled Wave Enhance, the newest monitor from the consumer portfolio, as well as Airthings Renew, the Company's first smart air purifier, in the first week of 2024. This product allows Airthings to enter the direct IAQ mitigation space, and enable additional revenue streams from altogether new use cases. Airthings.com continued showing 100%+ year-on-year growth, increasing its share of Consumer revenue as planned.

This is Airthings ASA

Airthings is a leading global technology company offering a suite of award-winning air quality monitors, air purifiers, and powerful software solutions for homeowners, businesses, and professionals. Founded in 2008, Airthings is on a mission to empower the world to breathe better, ensure that people and businesses recognize the impact of indoor air quality, and take control of their health through simple, affordable, and accurate technology solutions while optimizing energy consumption in buildings.

Airthings has made indoor air quality monitoring easy to deploy, accurate, user-friendly, and affordable with a broad suite of innovative products and solutions. Our technology has received prestigious accolades including the TIME's Best Inventions award and CES Innovation Award Honors. Frost & Sullivan has positioned Airthings as an industry leader in their Global Indoor Air Quality Systems reports, and EcoVadis has awarded Airthings a Gold Medal Sustainability Rating. Headquartered in Oslo, Norway, and with offices in the US and Sweden, the Company currently employs over 130 professionals from more than 35 nationalities.

Our story

With roots stemming from innovation focused on radon monitoring, Airthings has grown to incorporate monitoring of other critical air contaminants, standing at the forefront of the industry as "Leaders in the Invisible." We offer sophisticated monitors, cutting-edge software, and cloud analytics to households, schools, and businesses. With the data gathered through our sensors, we empower people to breathe better, increase productivity, and live healthier while reducing energy consumption.

On average, we each breathe 28,000 times every day, and we spend 90% of our time indoors, where the air quality can be up to five times worse than that of the outdoors. Our products provide actionable insights to improve indoor air quality, leading to better focus, sleep and overall health. With the launch of Renew, Airthings' first smart air purifier, we can now solve air quality and health issues in our users' homes, reinforcing our mission to empower the world to breathe better.

Aligned with our mission, we understand that businesses must focus on indoor air quality without compromising energy efficiency. Commercial buildings account for 40% of global energy consumption, and optimizing indoor air climate could save more than 20% of that energy usage. With the Airthings for Business solution, we help our customers make informed decisions by providing them with actionable insights, resulting in healthier, more energy-efficient buildings. The solution carries IAQ monitors that are RESET accredited and contribute to compliance with the WELL Building Standard.

Technology leadership

Our technology and solutions are developed in-house, from industrial design, hardware, and radio protocols to app development, software, and firmware. A majority of our products are smart products with corresponding apps, online dashboards, and APIs. The heart of our system is in the cloud where we turn air quality statistics into advanced analytics, converting raw data into usable information. By leveraging this anonymized data from Airthings' sensors in homes and buildings worldwide, we can provide valuable insights to our customers and help them improve the air quality while reducing energy usage.

We are continuously adding new features and solutions to a platform that has earned us our reputation for true leadership in the industry. Our technology is consistently improving, with both hardware advancements and new software solutions developed, which allow us to lead the way, and set the standard in the industry.

Addressing a strong advantage

Airthings is an early mover and thought leader pursuing a massive market opportunity supported by positive megatrends in health tech, smart homes, sustainability, and energy efficiency, as well as air quality and pollution regulations expansion. There are 376 million residential homes between North America and the EU, 130 million offices, and 9 million classrooms, and we have only just begun developing this largely untapped market.

North America currently accounts for a little more than three-quarters of total sales and the EMEA for just less than one-quarter of total sales.

The company has established broad consumer distribution through Amazon, large retail chains such as Home Depot in the US, and several regional retail chains in other markets. As part of its revised strategy, titled 'Airthings 3.0' Airthings is strengthening its direct-to-consumer channel through airthings.com.

In the B2B market, Airthings sells directly to enterprise customers and facility management companies, and through partners within Heating, Ventilation, and Air Conditioning (HVAC).

Management team

Emma Tryti, CEO

Emma Tryti is the Chief Executive Officer of Airthings. Emma is a widely respected leader in the Norwegian financial industry, with experience as the former Chief Commercial Officer eCommerce and Invoice at Vipps and as Chief Executive Officer of Kron. Among other things, Emma has experience in private equity transactions from Danske Bank Loan Capital Markets. Emma has a proven track record of delivering results by combining creativity, solution orientation and execution power. She is an open-minded leader who leads by example, builds strong teams and gets energized by creating new solutions that make everyday life easier. Emma holds an MSc in Economics, with a specialization in mathematics, from the University of Western Australia.

Audhild Andersen Randa, COO

Audhild Randa is COO at Airthings and leads R&D and Operations teams. Prior to joining Airthings, she was VP Technology Europe at Circle K leading a team of 230 IT professionals across 10 countries. Prior to joining Circle K, she worked as a management consultant at McKinsey & Company, with a focus on Marketing & Sales in Media, Telecom and Retail. Audhild is a Board member of Entur AS, a state-owned company that creates digital infrastructure for the public transport sector in Norway. She holds an M.Sc in Engineering Mathematics from the Norwegian University of Science & Technology (NTNU) and a B.A. in Russian Area Studies from the University of Oslo (UiO).

Magnus Navdal Bekkelund, Interim CFO

Magnus Navdal Bekkelund is Interim CFO of Airthings. He joined the Company in June 2021 to serve as Interim CFO and later held the role of VP of Finance. Prior to Airthings, he was Director Group Accounting at TGS ASA and an auditor at EY. Bekkelund is a Certified Public Accountant from BI Norwegian School of Management.

Millie Paakkola, CMO

Millie Paakkola, CMO of Airthings is a seasoned marketeer who joined Airthings in 2021. Her background is in the Consumer Electronics and Sporting Goods industries and she has worked at the biggest industry names like Google, Samsung and Amer Sports. Previously at Airthings she has been the Global Marketing Director for Consumer products and will now lead both business-to-business and business-to-consumer marketing teams for Airthings.

Anders Folleras, SVP, Airthings for Consumer

Anders Folleras is the Senior Vice President for Airthings for Consumer, where he drives business growth and oversees the global consumer operations. Prior to this position, he held the role of Vice President of Sales for EU & Asia for 5 years at Airthings where he expanded market presence and achieved revenue growth. With a career spanning almost 20 years, Anders has held key commercial roles in various global organizations, driving geographic expansion, growth and profitability.

Anita Øverbekk, Director of HR

Anita Øverbekk is Director of HR and believes that people are our key asset and diverse teams create magic together. Anita has over 20 years of HR experience in international corporations, like Oracle, CA Technologies, and Samsung as well as Norwegian Tech companies. She was the Nordic Senior HR Manager in Thomson Reuters before she joined Pexip in 2018. Her consultant experience in different tech companies during the past 5 years has given her extensive insight in how to develop companies and their people.

Board members

Geir Førre, Chairman

Geir Førre is Managing Partner in Firda, the largest shareholder in Airthings. Firda invest in ambitious Norwegian technology companies with global ambitions. Geir holds a M.Sc in Electrical Engineering. He started his career as a research scientist at SINTEF before becoming a serial entrepreneur who founded and led Chipcon and Energy Micro, two successful Norwegian semiconductor companies, from inception to exit. He was also the founding investor and Chair of Prox Dynamics, who pioneered a whole new industry within Nano UAV helicopters. Besides being the Chair of Airthings since 2015, Geir is the Chair of Disruptive Technologies and Zivid.

Karin Berg, Board Member

Karin Berg is an experienced commercial leader with deep knowledge from consumer oriented businesses. Karin is currently chief growth officer in the technology and logistics start-up Wanda.space. Prior to this she was managing director B2C in Komplett Group, and marketing director in Carlsberg. She has more than 6 years of management consulting experience from McKinsey and Bearingpoint, and has co-founded the online retail brand Berg & Berg. Karin holds a MSc in Economics from the Norwegian School of Economics (NHH).

Aksel L. Svindal, Board Member

Aksel Lund Svindal is a Norwegian former World Cup alpine ski racer. He's a two-time overall World Cup champion, an Olympic gold medalist in super-G, and a five-time World Champion in downhill, giant slalom, and super combined. Experienced in building performance culture after competing at the highest level in sports for 15 years, Svindal has been a seed investor for more than five years and joined Airthings Board of Directors in 2019.

Liv Dyrnes, Board Member

Liv Dyrnes is CFO and Deputy CEO of Klaveness Combination Carriers ASA. Dyrnes has +17 years experience in the shipping and finance industries and is currently a board member of Utkilen AS. Dyrnes holds a Master of Science in Finance from the Norwegian School of Economics (NHH).

Niklas Norin, Board Employee representative to the board

Niklas Norin has over 10 years of experience in developing wireless embedded software within the IoT space. He currently holds the position of Embedded Software Manager at Airthings. Before joining Airthings, he worked for Texas Instruments and Disruptive Technologies. He holds a master's degree in Electrical Engineering from Linköping University.

Chloe Waller, Board Employee representative to the board

Chloe Waller has 15 years of experience in the high tech industry in sales leadership, strategic partnerships development and P&L management roles. She worked in the semiconductor, payment and biometric security industry prior to joining Airthings. Chloe is currently VP of Sales for North America. She holds a Masters of Science in Engineering from IP Paris (Telecom SudParis) and lives in Austin, TX.

Business overview

Airthings is uniquely positioned to be a global leader with a strong foundation in both the North American and European markets. Airthings derives 78% of its revenue from the USA and Canada and 22% from the EMEA region. Airthings sells to a trifold of the consumer market, the commercial business market, and radon professionals, representing the three business segments: Airthings for Consumer, Airthings for Business, and Airthings for Professionals.

Airthings for Consumer

Airthings for Consumer combines a range of top-of-the-line air quality monitors and a newly launched air purifier with software solutions to enable consumers to create and maintain a healthy home environment. In 2023, revenue in this segment came in at USD 24.8 million, an increase of 8% from 2022. The number of new device registrations for connected products increased by 22% in 2023. In line with Airthings' 3.0 strategy, the Company is strengthening its direct-to-consumer sales channel while continuing to fortify its relationships with key retailers and partners worldwide.

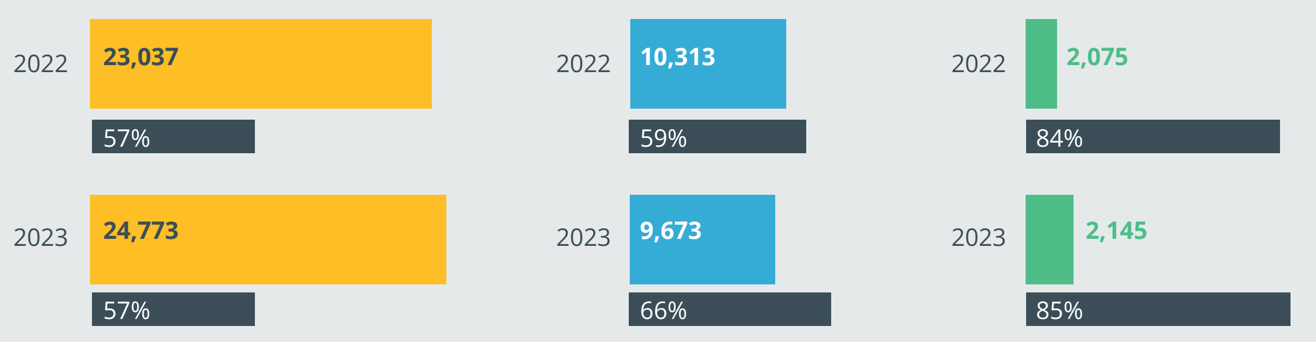
Airthings for Business

The B2B segment offers indoor air quality solutions for schools, office buildings, and other public and commercial real estate. Revenue in this segment came in at USD 9.7 million, and the decline of 6% from 2022 reflects that the business segment remains heavily affected by large deals with individual customers. The number of devices in the field increased by 36% yearly, and annual recurring revenue (ARR) in AfB increased by 24% to USD 3.1 million.

Airthings for Professionals

Airthings for Professionals is the smallest of the three business segments, offering an easy-to-use NRPP/NRSB certified radon measurement device with a dashboard solution tailored for home inspectors and radon professionals. In addition to device sales, Airthings offers calibration services, leasing, and an Affiliate Program for its users. Revenue in this segment amounted to USD 2.1 million in 2023, an increase of 3% from 2022.

2023 revenue and gross profit margin (USD 1,000)



Letter from the CEO

Dear Airthings Community,

Airthings is on a mission to empower the world to breathe better. Designed in Norway and trusted by the world, we've sold over one million air quality monitors worldwide. I am truly impressed by our dedicated team, which has built a global leader in the indoor air quality industry, and am honored to have the trust to lead this Company through the next phase, creating profitable growth. More people are now realizing the importance of good air quality in our homes, work, and schools. We're now at the point where it's time to change the perception of our products from "nice to have" to "must have."

From the early days, pushing the industry forward with innovative ways of measuring radon, Airthings has developed into a dynamic hardware-enabled software company with a broad range of smart and connected products. Today, our products continue to lead the market in radon measurement while monitoring other critical air contaminants and boosting energy efficiency in buildings.

With the announcement of Airthings Renew, our first smart air purifier, we step into a new market where we can now directly solve air quality and health issues in our customers' homes, delivering potential life-changing value to our users, and reaffirming our mission to empower the world to breathe better.

Our market-leading products, supported by the strong brand we've built and a robust global sales network, have enabled Airthings to double its revenue from 2019 to 2021. In 2022, we entered a more challenging phase with supply chain disruptions, succeeded by a cyclical downturn through 2023 and changes in purchasing patterns amongst our partners. Despite these challenges, our revenue has still increased slightly in the past few years, and we have revised our strategy to account for these challenges.

We will build stronger direct customer relationships by engaging our customers (both consumers and businesses) with world-class user experiences. By strengthening our software-first mentality, we will deliver greater value to our users, providing them with added features, while making our products more engaging and improving our users' lives.

The early effects of implementing our updated strategy, Airthings 3.0, show promising results, with year-on-year revenue growth of 6% and three percentage-points higher gross profit margin. We delivered this with 12% lower operating costs, all of which accelerate our path to profitability. Our website also saw 100% growth in sales YoY, supporting the strategy further.

Sustainability continues to be at the heart of what we do and, as CEO, I fully support our commitment to the UN Sustainable Development Goals. Despite Airthings' growth, our total CO_2 estimated emissions decreased by 23% from 2022 due to reductions in the products' carbon footprint, logistics, and marketing spend. We remain committed to our goals and will continue to make a difference for people, the planet, and businesses.

Progressing in these areas will help us capitalize on the positive megatrends like health tech, smart homes, sustainability, and energy efficiency. These will generate tailwinds for

Airthings for many years to come. Our long-term growth potential and value drivers remain intact as we work our way further into what is a growing market opportunity worldwide.

Finally, thank you, Øyvind Birkenes, for all your help and, more importantly, for growing the company from a start-up into a global industry leader. Your expertise and dedication to Airthings have truly made a difference in people's everyday lives.

I look forward to continuing this journey with all of you and trust that we will achieve long-term success in empowering the world to breathe better.

All the best,

Emma Tryti
CEO, Airthings

Board of Directors Report

Airthings is a global tech company headquartered in Norway and led by a team of experienced scientists, engineers, developers, and visionaries. The mission of Airthings is to educate on and solve air quality and energy conservation issues for consumers, businesses, schools, public institutions, and more. This is done through the creation of patented technology and software that accurately informs and educates users about what's in the air they breathe, purifies their air, and empowers them with the data-driven insights necessary to make smarter decisions for their health and their businesses.

The Company's key revenue generators are individual consumers, businesses, public institutions, and air quality and radon professionals, and correspondingly reports across the three business areas Airthings for Consumer (Consumer), Airthings for Business (AfB), and Airthings for Professionals (Pro).

Airthings is increasingly focused on direct channel sales through airthings.com but also works closely with e-commerce partners, premium retailers, influential commercial B2B partners, home inspectors, real estate agents, and radon professionals. These sales channels collectively contribute to the Company's three business units previously outlined. The key markets in North America and Europe represented 78% and 22%, respectively, of revenue in 2023.

Headquartered in Oslo, Norway, Airthings ASA has two wholly owned subsidiaries, Airthings America Inc. in the US, and Airthings AB in Sweden. Airthings ASA – the parent company of the Airthings Group – was admitted to trading on Euronext Growth in Oslo in October 2020 and conducted a transition to the main Oslo Stock Exchange in June 2022.

Key developments and future focus

Having shown healthy growth over many years, Airthings faced strong macro headwinds through 2022 and 2023. Higher inflation and rising interest rates have caused a weaker consumer sentiment and a guarded investment environment where distributors and retailers have reduced inventories.

In response, Airthings has adapted its strategy and approach to enable both scalability and profitability. The new strategy, called Airthings 3.0, builds on a more selective and disciplined go-to-market approach, a sharper focus on unit economics and customer lifetime value, and continued improvements of the software offering to further enhance the value proposition.

The aim of the new strategy is to drive scalable growth to improve- gross margins and revenue growth above operating cost development, and position the Company on a clearer path to profitability. The strategic changes were implemented during the first half of 2023, and the Company saw gradually stronger effects over the three last quarters of the year.

The Board and management of Airthings remain confident in the large global market opportunity and the long-term potential of the business, which is supported by strong and lasting tailwinds from megatrends in health tech, smart homes, energy efficiency, and sustainability and regulations.

Events after the reporting period

RCF — In 1Q 2023 Airthings secured a USD 8 million revolving credit facility (RCF) for a 1-year period with an annual renewal with Danske Bank. In January 2024, Airthings received credit approval for renewal of the RCF subject to documentation and closing procedures which is expected to be completed within March 2024. The size of the new facility will be reduced from USD 8 to 6 million, see note 6.2.

New CEO — Emma Tryti has taken over as CEO as of 4 March 2024. She has been granted 1,500,000 options with a strike price of 2.70.

Financial summary

The consolidated financial statements of the Airthings Group ("the Group") are presented under the IFRS® Accounting Standards as adopted by the EU. The presentation currency of the Group's IFRS figures is USD. The functional currency of the parent company is NOK.

All financial statements in this report are presented on a going concern basis in accordance with the Norwegian Accounting Act section 3-3a, and the Board of Directors confirms that the prerequisites for a going concern assumption are indeed present.

Airthings grew revenue and gross profit and reduced the EBITDA loss during 2023, despite a macroeconomic environment that remained challenging and restrained top line growth. Growth in Airthings for Consumer offset the softness in the Airthings for Business and Pro segments.

Income statement

Revenues amounted to USD 36.6 million in 2023, up 3% compared with USD 35.4 million in 2022. The modest revenue growth was primarily driven by increased sales in Airthings for Consumer.

Gross profit ended at USD 22.3 million in 2023, up 6% from USD 21.0 million in the previous year. The gross margin for the full year 2023 was 61%, up 2%-points from 2022. The gross margin improvement mainly reflects margin expansion in Airthings for Business, driven by increased prices, higher share of software revenues, and an increasing share of direct sales.

The EBITDA-loss decreased from USD 11.8 million in 2022 to a loss of USD 6.8 million in 2023. The improvement reflected roll-out of the strategic pivot Airthings 3.0, under which several cost-reducing initiatives were successfully implemented.

Depreciation remained relatively flat at USD 1.5 million in 2023, and the Company incurred no impairments. This compares to depreciation of USD 1.4 million in the prior year, when the Company also incurred an impairment of USD 1.4 related to the acquisition of Airtight in 2020.

The operating loss (EBIT) hence decreased from USD 14.7 million in 2022 to a loss of USD 8.3million in 2023.

Net financial items contributed a positive USD 0.3 million in 2023, compared with a positive USD 1.0 million in 2022. This mainly reflected exchange rate fluctuations between USD and NOK and interest payments on outstanding debt. Interest bearing debt amounted to USD 1.4 million at the end of 2023, whereas the Company had no outstanding debt at the end of 2022.

Net loss before taxes was hence USD 8.0 million in 2023, compared to a net loss before taxes of USD 13.7 million in 2022. Tax income amounted to USD 1.8 million compared to USD 3.1 million in 2022. This generated a net loss of USD 6.3 million in 2023, which compares to a net loss of USD 10.6 million in 2022.

Balance sheet

Airthings Group had total assets of USD 64.7 million at the end of 2023, up from USD 63.7 million at the end of 2022. Current assets amounted to USD 46.1 million (47.2), including cash and cash equivalents of USD 14.6 million (13.3) and inventories of USD 15.3 million (18.7). Non-current assets amounted to USD 18.5 million (16.5), which mainly comprises deferred tax assets, intangible assets, right of use assets, and remaining goodwill related to the Airtight acquisition in 2020.

Airthings Group had total liabilities of USD 14.4 million per December 31, 2023, up from USD 12.8 million at the end of 2022. Total liabilities consisted primarily of lease liabilities, trade payables, contract liabilities, interest bearing debt, and other provisions.

In 2023, Airthings Group increased its share capital by NOK 237 661.00 to NOK 1 977 584.46, allocated across 197 758 446 shares with a nominal value of NOK 0.01 each. The increase reflects a private placement of 23 437 500 shares which generated gross proceeds of NOK 75 000 000, and a smaller share issuance in connection with the employee option program.

Total equity amounted to USD 50.3 million at the end of 2023, corresponding to an equity ratio of 78%. This compares to total equity of USD 50.9 million and an equity ratio of 80% at the end of 2022.

Cash flow statement

Airthings Group's cash flow from operating activities was USD -3.4 million in 2023, marking a significant improvement from USD -22.2 million in 2022. The operating cash flow was mainly driven by losses before tax of USD 8.0 million (-13.7), partly offset by positive net working capital adjustments of USD 3.1 million (-10.7). Inventories declined by USD 3.4 million during 2023, compared to an increase of USD 7.3 million in 2022, and reflect the strategic focus on reducing days of inventory and the overall working capital exposure.

Total cash flow from investments was USD -1.4 million in 2023, compared to USD -2.2 million in 2022, mainly driven by capitalized development expenditures of USD 1.7 million.

Cash flow from financing was USD 7.5 million in 2023 (-0.6), primarily composed of proceeds from equity issuances of USD 7.1 million and proceeds from debt of USD 1.3 million, partly offset by payments on lease liabilities. Net foreign exchange differences resulted in a cash flow of USD -1.5 million over 2023 (-3.9). Cash and cash equivalents hence increased to USD 14.6 million at year-end 2023, up from USD 13.3 million at the end of 2022.

Allocation of net profit

The consolidated accounting loss for 2023 was USD 6.3 million, with the proposed allocation of the net profit for the year shown in the Annual Financial Statement.

PARENT COMPANY ACCOUNTS

(Figures for 2022 in brackets)

The annual accounts for the parent company Airthings ASA have been prepared according to Norwegian Generally Accepted Accounting Principles (NGAAP). The functional currency of the parent company is NOK.

Airthings ASA's revenue from sales amounted to NOK 358.0 million (319.7). Gross profit was NOK 208.8 million in 2023 (177.5). Operating expenses amounted to NOK 300.1 million (306.9), and loss before tax was NOK 104.4 million (141.8-). Tax income was NOK 21.0 million in 2023 (30.3), generating a net loss of NOK 77.9 million (-111.5).

Total assets amounted to NOK 604.8 million at year-end 2023 (585.4), whereof current assets represented NOK 416.7 million (404.1). Total equity was NOK 499.5 million per December 31, 2023 (502.0).

Current liabilities was NOK 90.2 million per year-end 2023 (82.2), whereas the parent company had long term liabilities of NOK 15.1 million (1.2) mainly related a growth loan from Innovation Norway.

Net cash flow from operating activities was negative NOK 52.4 million (-225.5), and net cash flow from investing activities negative NOK 18.7 million (-20.9). Net cash flow from financing activities was positive NOK 85.8 million (3.0) mainly due to the private placement of NOK 72.4 million in 1Q 2023 and the growth loan from Innovation Norway. Cash and cash equivalents in the parent company hence declined to NOK 131.3 million per December 31, 2023 (116.5).

RISKS AND RISK MANAGEMENT

The Group is exposed to a range of risks affecting its financial performance, including but not limited to liquidity risk, credit risk, and market risks relating to changes in interest rates and foreign currency exposure. The Group seeks to minimize the potential adverse effects of such risks through sound business practices, prudent risk management, and hedging.

Risk management is a continuous process and an integrated part of the Group's business. When operating across multiple markets, Airthings is exposed to a range of risks that may affect its business. The key risk areas are discussed below.

Liquidity

Liquidity risk represents the risk that the Group may potentially encounter difficulties in meeting obligations associated with financial liabilities that are settled by provision of cash or another financial asset. The Group supervises its risk by monitoring its cash balances and working capital exposure, as well as production commitments to main contract manufacturers. The Group has intensified its focus on optimizing business operations, reducing current and incoming inventories and collecting overdue receivables.

The Group raised NOK 75.0 million in gross proceeds through a private placement of 23,437,500 shares in February 2023. In addition, the Group secured funding from Innovation Norway in the form of a NOK 17.0 million grant and a loan of NOK 24.0 million. NOK 5.1 million of the grant and NOK 14.0 million of the loan were paid out to the Group in 2Q 2023.

The Group's cash position was USD 14.6 million on 31 December 2023. The Company also has access to liquidity through a revolving credit facility (RCF) with Danske Bank. This was initially entered for USD 8 million in 1Q 23 and renewed for USD 6 million in 1Q 24. The reduction reflects the overall improved working capital situation (see note 6.2).

It is the Board of Directors assessment that the Company's operational plans are expected to be fully funded through to break-even, and the liquidity risk is considered to be at a reasonable level.

Credit

Credit risk represents the possibility of a counterparty not meeting its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is mainly exposed to credit risk from its operating activities.

The credit risk is generally low in the Consumer segment, where the vast majority of sales are made to well-established and creditworthy third parties or sold directly with immediate payment. Although somewhat higher, the credit risk is still deemed to be generally low also in the Airthings for Business segment, for the same reasons. The Group has close and ongoing relationships with its business customers and receivable balances are monitored on a continuous basis.

It is Group policy that all customers wishing to trade on credit terms are subject to credit verification procedures, including an assessment of credit rating, short-term liquidity, and financial position. Exceptions to the Group's standard credit terms must be approved by the Airthings finance department.

The Group's exposure to losses has historically been low. However, increased activity outside the US and home markets may expose Airthings to different credit risk environments. The Board of Directors deems the credit risk to be at an acceptable level given the current scope of operations and outlook of the Group.

Foreign currency

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency fluctuations due to the international nature of its operations. The Group's exposure to the risk of fluctuations in foreign exchange rates relates primarily to the Group's operating activities (revenue and expenses denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

A significant part of revenues is denominated in USD, with a smaller portion incurred in EUR, NOK, CAD and GBP. Most of its operating expenses are incurred in NOK. Further, the Group could also potentially be negatively affected by fluctuations in other currencies in the future. The Group does not currently hedge currency exposure with the use of financial instruments but does employ natural hedges, e.g. retaining revenues in USD to make payments to suppliers with USD as the contract currency, to the extent possible and monitors the net exposure over time.

Interest rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's borrowings have historically been exposed to interest rate fluctuations. The Group had

USD 1.4 million in interest bearing debt at the end 2023, and the Board of Directors considers the risk associated with interest rate fluctuations to be low.

Customer concentration

Customer concentration risk is the risk that a significant portion of the company's revenue is derived from a small number of customers or partners, which can pose risk to the stability and growth of the business. The Group has some major customers accounting for a significant share of the income. As a mitigating action, the Group has worked to build out its direct channel in the Consumer segment, as well as working more direct with end customers in the Business segment.

Other risks

Geopolitical risks — the ongoing war in the Ukraine does not impact the Group directly, as it has no operating presence in either Russia, Belarus or Ukraine. However, indirect effects such as general economic market conditions, financial market volatility, sanctions-related knock-on effects or other future responses of international governments, might have an impact on the Group's financial results and financial position. Similarly, the ongoing war in Israel/Gaza is not currently impacting the Group, although the Group has a very limited exposure through a contract manufacturer near Tel Aviv in Israel. The Group's management continuously monitors these situations and assesses the potential impact on the Group's financial results and financial position.

Climate risk — the Group has considered the impact of climate risks when preparing the consolidated financial statements for the year ended 31 December 2023. We have especially considered how our current valuation of assets and liabilities may be impacted by risks related to climate and weather change, waste management, manufacturing, material and sourcing risk and water consumption and innovation for a circular economy, as well as our plans to mitigate those risk factors. Especially, the Group's climate change risk analysis has identified the following:

- Higher energy price fluctuations might affect the Group's manufacturing costs in the short run
- More extreme weather might affect infrastructure, manufacturing/operations, logistics and component scarcity both in the shorter and longer run
- Potential future regulation related to improved battery usage and waste management might lead to changes in product development and manufacturing, potentially increasing manufacturing expenses in the long run

We do not believe that there is a material impact on the financial reporting judgments and estimates arising from our considerations. The valuations of our assets or liabilities have not been significantly impacted by these risks as at 31 December 2023.

CORPORATE GOVERNANCE

Airthings strives to adhere to the Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES) on 14 October 2021. A separate section of this annual report provides details on Airthings' compliance to each of the corporate governance principles as outlined in the Code.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Airthings is deeply dedicated to sustainability, working continuously to improve environmental,

social, and governance practices. With a new strategy and management in place, the sustainability KPIs presented in previous reports will be updated during 2024.

For planet

In 2023, Airthings for Business' online devices in the field increased by 36% from 2022. In combination with energy consumption reduction services provided through the corresponding software solution, this contributed to estimated saving >13.5k tCO2e for our customers. During 2023, Airthings' energy efficiency toolkit was expanded to include space occupancy/presence and ventilation rate. These features help facility managers determine the optimal settings of the ventilation system, ensuring a balance between energy savings and a healthy environment for occupants. In May 2023, Airthings received a grant and a loan from Innovation Norway to further develop this energy efficiency toolkit. The project will further accelerate the work on providing insights into energy usage in buildings and how to reduce energy consumption.

Despite growth in revenue, total CO2e emissions (scope 1, 2 and 3) decreased significantly from a total of 8.071 tCO2e in 2022 to 6.238 tCO2e in 2023. The main reasons for the reduction were cost reductions, specifically in use of consultants and in marketing costs, as well as more streamlined and efficient downstream transportation. Over 99% of Airthings' emissions fell under scope 3 in 2023. Notably, Airthings boasts zero direct scope-1 emissions, and has scope-2 emissions of 14.7 tCO2e in 2023 (14.5 tCO2e in 2022). The minor increase was due to a 0.15% increase in total energy consumption (Fort Worth, Stockholm and Oslo).

All Airthings' contract manufacturers comply with ISO14001 for Environmental Management Systems. During 2023, Airthings added one additional manufacturer, and before finalizing the agreement, a thorough ESG analysis was conducted. In 2024, the goal is to establish waste and water consumption targets with Airthings' main manufacturer.

For people

By the end of 2023, Airthings has reached >4.5 million people through its educational resources. Our goal is to raise awareness about radon, clean air at home, and ways to improve the quality of living by enhancing indoor air quality.

Airthings prioritizes employee well-being and community welfare, demonstrated by the establishment of a Human Rights: Equality, Diversity, and Inclusion Code of Conduct and a public grievance mechanism. The goal is to maintain high labor practice standards and foster diversity and inclusion. There was 1 issue reported during 2023 relating to diversity and inclusion. This issue was handled and closed in early 2024.

At the end of 2023, Airthings employed 129 employees from over 35 nationalities, with females accounting for 30% of FTEs. Airthings is actively working towards achieving balanced gender representation. Our goal is to achieve a gender ratio of >40% women across all levels and departments, ensuring equal career opportunities for everyone. Our leadership team currently maintains a 50-50 gender balance, and women hold 45% of our managerial positions. There is currently a 10% salary gap between female and male managers, which the company is working to address. More information and equality statements can be found at www.airthings.com.

Absence due to sickness amounted to 2.6% in 2023, compared to 1.4% in 2022. In 2023, employees reported lower levels of satisfaction with the working environment, with an average employee Net Promoter Score (eNPS) of 5 in 2023 compared to 40 in 2022. A corrective action plan will be implemented in 2024. There was 1 HSE incident reported during 2023, the same number as in 2022. The incident did not lead to any permanent injuries. During 2023, special attention was given to improving HSE guidelines for the R&D lab and better equipping it with fire extinguishers for specific fire hazards like electrical and lithium battery fires.

The Board of Directors, consists of 2 men, 2 women, and 2 employee representatives (1 man and 1 woman). Airthings ASA and subsidiaries are covered by Directors and Officers liability insurance. The insurance indemnifies directors and officers for defense costs and potential legal liability arising out of claims made against them while serving on a board of directors and or as an officer. The insurance policy is issued by a reputable, specialized insurer with appropriate rating.

During 2023, Airthings has done a thorough evaluation of potential risks to human rights and decent working conditions, as outlined by the Transparency Act report published in June 2023. Suppliers were classified as high, medium or low risk using factors such as the Civil Liberties Index, Human Rights Watch Report, OHCHR Report, Environmental Performance Index (EPI), and corruption country level. High-risk suppliers and main manufacturers undergo a rigorous due diligence process. Currently, 68% of High-risk important suppliers have signed Airthings Code of Conduct. Additionally, discussions are ongoing with Airthings' contract manufacturer in Israel, to assess the situation in their factory. Further details on supplier assessments can be found in our upcoming Transparency Act Report 2023, which will be published on https://www.airthings.com/sustainability in Q2 2024.

Our business governance

The Company is committed to transparent and ethical business practices, supported by policies and procedures against bribery and corruption. In 2023, specific focus was given to the implementation of and compliance with Airthings' procurement policies. No instances of unethical practices were reported in 2023.

Airthings did not experience any data breaches or successful cyber-attacks in 2023, nor any significant disturbances in operations.
In January 2023, Airthings' ISMS (Information Security Information System) was audited according to ISO27001, and in December 2023 the Company passed the first surveillance audit without any negative observations. Airthings trains its employees in a range of ESG topics such as human rights, anti-bribery and anti-corruption practises and security awareness. All trainings have >95% completion rate among full-time employees.

Airthings is strongly committed to community engagement. In collaboration with One Tree Planted, we planted 256 trees in a dedicated campaign in response to British Columbia wildfires. Our involvement extends to chess, where we have sponsored tournaments on chess.com, promoting both the game and indoor air quality awareness. We proudly support the American Lung Association, contributing to their impactful work. Additionally, we actively participate in community development through laptop donations to Hånd i hånd Uganda, making a positive impact on education and technology access.

To learn more, please refer to the 2023 Sustainability Report which will be published on https://www.airthings.com/sustainability in Q2 2024.

OUTLOOK

Airthings remains resolute in its mission to empower people to breathe better and to address the negative health effects from poor indoor air quality and the cost and environmental effects of inefficient energy consumption in buildings. The Company is recognized as a global category leader in indoor air quality and the clarity provided from Airthings' solutions is pushing the industry forward. The market opportunity is significant and supported by lasting tailwinds from megatrends in health tech, smart homes, energy efficiency, and sustainability and regulations. Airthings is uniquely positioned to capture this market and apply its leadership to drive awareness and deliver actionable insights to households and businesses.

Airthings is increasingly seeing results of its strategic pivot to a selective go-to-market strategy, a holistic product focus, and an improved operating model. The Company reported both revenue growth, improved gross margins, reduced operating costs, and reduced inventories in 2023, and the key focus for 2024 is to continue growing with improved profitability and lower working capital exposure.

Further reductions of inventory levels will be a source of capital going forward, and with a lower cash burn the Company's operational plans are expected to be fully funded through to break-even.

Revenue growth is expected to be supported by new product launches in both Airthings for Business and the Consumer segment, as well as by increased prices for both hardware and software services. Combined with the sharpened cost and margin focus this ensures that Airthings is on a clearer and faster path to profitability.

The Board and management remain confident in the large global market opportunity and the long-term potential for Airthings.

This report contains certain forward-looking statements that involve risks and uncertainties and that reflect current views about future events and are, by their nature, subject to significant risks and uncertainties. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. You should therefore not place undue reliance on forward looking statements.

Oslo, March 19, 2024

Geir Førre
Chairman of the Board

Aksel Lund Svindal
Board member

Karin Berg
Board member

Emma Tryti
CEO

Liv Dyrnes
Board member

Chloe Emma Waller
Board Member

Niklas Copley Norin
Board member

Corporate Governance Report

Airthings considers sound corporate governance to be a prerequisite for value creation, trustworthiness, and access to capital. To secure strong and sustainable corporate governance, it is important that Airthings ensures appropriate and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations across Airthings Group.

Airthings ASA is incorporated in Norway in accordance with the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "NPLCA") and is subject to Norwegian law. The shares of Airthings are listed on Oslo Børs. As a Norwegian public limited liability company listed on Oslo Børs, Airthings complies with the Norwegian Securities Trading Act, the Continuing obligations for companies listed on Oslo Børs, the Norwegian Public Limited Liability Companies Act and all other applicable laws and regulations.

The Company endorses the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board on 14 October 2021, as amended from time to time (the "NUES Code").

The applicable governance principles in Airthings are articulated in a set of corporate governance principles which are approved by the board of directors. These apply to all of Airthings' subsidiaries as well as Airthings ASA.

The below description follows the same structure as the Code of Practice and covers all sections thereof.

1. Main objectives for the Company's corporate governance

The Board shall ensure that the Company has good corporate governance to support the achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. The Board believes that good corporate governance requires openness and cooperation between the shareholders, the Board and the Management, employees, customers, suppliers, public authorities and society in general.

The CG Policy is based on the following main objectives:

- Open, reliable and relevant communication with the outside world regarding the Company's business and matters related to corporate governance;
- Equal treatment of the Company's shareholders;
- Independence between the Board, the Management and the shareholders in order to avoid conflicts of interests;
- A clear division of work between the Board and the Management and the shareholders;
- Good control and corporate governance mechanisms in order to achieve predictability; and
- Reducing the level of risk for shareholders and stakeholders.

No deviations from the Code of Practice.

2. The business of the Company

According to the Company's articles of association, its purpose is the development of products and services related to air quality and energy optimization of buildings, as well as international marketing and sale of these, investing in other companies or development of other businesses, and all that is related to the aforementioned.

The principal objectives and strategies of the Company are presented in the annual report, and on the Company's web site and are subject to annual assessments.

No deviations from the Code of Practice.

3. Equity and dividends

The Board is committed to maintaining a satisfactory equity ratio in the Company according to the Company's goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously monitor and assess the Company's capital requirements related to the Company's strategy and risk profile.

When deciding on dividends, the Company will consider the Company's financial position, investment plans as well as the needed financial flexibility for strategic growth.

The Board's general authorisations to increase the share capital and to buy own shares will not ordinarily be proposed to be granted for periods longer than until the next Annual General Meeting of the Company.

Any proposed authorizations to the Board to increase the Company's share capital shall be restricted to defined purposes and shall be dealt with as separate agenda items at the general meeting. Board authorizations shall generally be limited in time to the date of the next annual general meeting, and in any event to 30 June the same year. This also applies to any authorization to the Board for the Company to purchase own shares.

No deviations from the Code of Practice.

4. Equal treatment of shareholders and transactions with close

The shares of Airthings ASA are listed on Oslo Børs. All issued shares carry equal shareholder rights in all respects, including the right to participate and vote in General Meetings, and there are no restrictions on transfer of shares. The articles of association place no restrictions on voting rights.

No deviations from the Code of Practice.

5. Shares and negotiability

Airthings ASA shares are freely tradable and there are no restrictions on the sale and purchase of the Company's shares beyond those pursuant to Norwegian law. Each share carries one vote.

No deviations from the Code of Practice.

6. General meeting

The Board shall ensure that the Company's shareholders can participate at general meetings. Notice of the meeting shall be sent to the shareholders no later than 21 days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient detail for the shareholders to assess all the cases to be considered as well as all relevant information regarding procedures of attendance and voting, including: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting.

The cut-off for confirmation of attendance shall be set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. The Chair of the Board and the CEO are present at the Annual General Meeting, and the Chair of the Nomination Committee and the auditor are normally present as well. An independent person has historically been elected to chair the Annual General Meeting.

No deviations from the Code of Practice.

7. Board composition and independency

The Board shall be composed in a way that it can attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity and act independently of special interests. The majority of the shareholder-elected Board members shall be independent of the Management and significant business contacts. At least two of the members of the Board shall be independent of the Company's major shareholder(s).

The Chair of the Board is elected by the general meeting. The term of office for members of the Board shall not be longer than two years at a time. Members of the Board may be re-elected for one or more new terms.

The Board of Directors currently consists of the following 6 members

Geir Førre	Chairman
Aksel Lund Svindal	Board member (independent)
Liv Dyrnes	Board member (independent)
Karin Berg	Board member (independent)
Niklas Norin	Board member — Employee representative
Chloe Emma Waller	Board member — Employee representative

An introduction to the members of the Board of Directors and their experience can be found on www.Airthings.com

No deviations from the Code of Practice.

8. The work of the board

The Board will seek to prepare annual plans for its work with special emphasis on goals, strategy and implementation. The Board's primary responsibility shall be participating in the development and approval of the Company's strategy, performing necessary monitoring functions and acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs.

The Board is also responsible for ensuring that the operation of the Company is compliant with the Company's values and ethical guidelines. The chair of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner.

The Board is regularly briefed on the Company's financial situation.

The Board of Directors has established an Audit Committee consisting of Liv Dyrnes and Karin Berg. The function of the Audit Committee is to prepare matters to be considered by the Board and to support the Board in the exercise of its management and supervisory responsibilities relating to financial reporting, statutory audit and internal control.

No deviations from the Code of Practice.

9. Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Group's business activities.

The Board shall carry out regular assessments of risk exposure, as well as an annual review of the Group's most important areas of exposure to risk and its internal control measures.

No deviations from the Code of Practice.

10. Board remuneration

The remuneration to the members of the Board shall be determined by the annual general meeting each year. The Board's remuneration shall reflect the Board's responsibility, expertise, use of time and the complexity of the Company's business activities. Remuneration shall not be dependent on or linked to the Company's performance, and no options shall be issued to the members of the Board.

Airthings AS issued options to Board member Aksel Lund Svindal 1.April 2019 This was prior to the Company becoming a listed company and before this policy was incorporated.

Aksel Lund Svindal currently holds 100 000 options at a strike price of 3.36. No options have been issued to the members of the Board after Airthings ASA became a listed company and this policy was approved.

No deviations from the Code of Practice.

11. Management remuneration

The Board of Directors has established a Remuneration Committee (RemCom) consisting of Geir Førre and Aksel Lund Svindal. The Board members, who are all independent of the Company's executive management, decide the CEO's salary and other compensation, after recommendation from the RemCom. The CEO's salary and bonus shall be determined on the basis of an evaluation by selected members of the Board, with emphasis on the CEO's and the Company's overall performance. Any fringe benefits shall be in line with market practice and should normally not be substantial in relation to the CEO's basic salary. The Board shall annually carry out an assessment of the salary and other remuneration to the CEO.

No deviations from the Code of Practice.

12. Information and communications

The Company shall at all times provide its shareholders, Oslo Børs and the financial market in general with timely and precise information. Such information will be given in the form of annual reports, quarterly reports, press releases, stock exchange announcements and investor presentations. The Company's report on corporate social responsibility shall be integrated in the annual report.

No deviations from the Code of Practice.

13. Take overs

In the event of a take-over process, the Board has a duty to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board will also ensure that the shareholders have sufficient information and time to assess the offer. In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance.

No deviations from the Code of Practice.

14. Auditor

Each year, the auditor shall present to the Board a plan for the implementation of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity. The auditor shall participate in Board meetings dealing with the annual accounts.

At the annual general meeting and/or in the annual financial statements, the Board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other concrete assignments.

No deviations from the Code of Practice.

Statement of the Board of Directors and CEO

Responsibility Statement

The Chief Executive Officer and the Board of Directors confirm, to the best of our knowledge, that the financial statements for 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. with additional information as required by the Accounting Act, and give a true and fair view of the Group's Consolidated financial statements and the Group's assets, liabilities, financial position, and results of the operations.

We also confirm that the report by the Board of Directors provides a fair overview of the parent company and the Group and its development, financial results, and position, and describes the Group's key risks and uncertainties.

Oslo, March 19, 2024

Geir Førre
Chairman of the Board

Aksel Lund Svindal
Board member

Karin Berg
Board member

Emma Tryti
CEO

Liv Dyrnes
Board member

Chloe Emma Waller
Board Member

Niklas Copley Norin
Board member

Shareholder information

Airthings' objective is to provide strong value creation and positive long-term returns to the Company's shareholders. The Company plans to achieve this by delivering on an ambitious business plan, and through precise, timely and relevant communication that enable investors to evaluate the Company's current status, the prospects for profitable growth, and the inherent operational and financial risks.

Investor relations

Clear and accurate communication with investors and analysts, both in Norway and internationally, is a high priority for Airthings. A key objective for the Company is to ensure that investors, potential investors, other stakeholders, and the market in general have simultaneous access to accurate, clear, relevant, and up-to-date information about Airthings. To facilitate this, the Group will hold quarterly presentations of its quarterly results, with attendance from senior management. These presentations will be open to the investor community, media, and the public at large, and will also be made available online. All investor relation activities are conducted in compliance with applicable rules, regulations, and recommended practices.

Devoted to good Corporate Governance

Airthings considers sound corporate governance to be a prerequisite for sustainable value creation and trustworthiness, and for access to capital at a fair cost of capital.

Airthings' stakeholders should demand that the Company follows healthy business practices and ethical business conduct, operates in compliance with all relevant legislation and regulations across the Group, and presents reliable financial reporting.

Airthings Board-approved governance regime maintains governance documents describing the principles for its business conduct, which applies to all of Airthings' subsidiaries as well as Airthings itself.

Employee Share Program

Airthings believes its employees should be given the opportunity to participate in the value creation and has established a share-based payment program in which all employees are granted share options upon employment. For further details, please see note 6.8.

Share capital

On December 31, 2023, the share capital in the Company amounted to NOK 1 977 584.46, distributed across 197 758 446 shares with a nominal value of NOK 0.01 per share. Airthings has one class of shares, with each share carrying one vote. Firda AS was the largest shareholder with 57 213 289, or 28.9%, of the share capital at the end of 2023.

Shareholders' Authorization to the Board to Increase Share Capital in the Group

On May 25, 2023 the Annual General Meeting (AGM) gave the board of directors three separate authorizations to increase share capital; up to NOK 394 860 in connection with investments general purposes and transactions (NOK 394 860 remains), up to NOK 138 201 in connection with a new incentive program and current granted options (NOK 138 915 remains), and up to an aggregate nominal value of NOK 197 430 to acquire treasury shares (NOK 197 430 remains). All above authorizations are valid until the Airthings AGM in 2024, however, no longer than until June 30, 2024.

Shareholder	Shares	Ownership
Firda AS	57,213,289	28.9%
Victoria India Fund AS	5,901,881	3.0%
Rabakken Invest AS	5,800,364	2.9%
Atlas Invest AS	5,637,468	2.9%
Wøien, Halvor	4,894,522	2.5%
Bolle, Erlend Peter Johnsen	4,819,722	2.4%
Verdipapirfondet KLP Aksjenorge	4,462,222	2.3%
Holmen Spesialfond	4,228,559	2.1%
Koki Yoshioka	4,166,650	2.1%
Brownske Bevegelser AS	3,000,000	1.8%
Other	97,133,769	49.1%
Total shares	**197,758,446**	**100.0%**

Analyst coverage		
DNB	Christoffer Wang Bjørnsen	+47 24 16 91 43
Arctic Securities	Kristian Spetalen	+47 22 93 72 28
ABG	Øystein Lodgaard	+47 22 01 60 26
SEB	Markus Heiberg	+47 22 82 66 61
Carnegie	Eirik Rafdal	+47 22 00 93 78

Ownership structure — Number of shares held	Number of shareholders	Number of shares	Proportion of share capital
1—1,000	1,263	485,046	0.2%
1,001—10,000	1,141	4,606,054	2.3%
10 001—100,000	501	15,763,808	8.0%
100,001—500,000	105	21,959,955	11.1%
500,001— 500,001+	44	154,943,583	78.4%
Total	**3,054**	**197,758,446**	**100.0%**

Airthings Financials

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Consolidated statement of profit or loss

For the years ended 31 December			
Amounts in USD 1,000	**Notes**	**2023**	**2022**
Revenues	2.1, 2.2	36,592	35,424
Total revenues		**36,592**	**35,424**
Cost of goods sold		14,302	14,465
Employee benefit expenses	2.3, 2.5	15,090	16,654
Other operating expenses	2.4, 2.5	14,033	16,090
Operating profit or loss before depreciation and amortization (EBITDA)		**-6,832**	**-11,785**
Depreciation and amortization	2.6	1,517	1,433
Impairment	5.1	0	1,444
Operating profit or loss (EBIT)		**-8,349**	**-14,662**
Finance income	2.7	660	1,173
Finance costs	2.7	341	208
Net financial items		**320**	**965**
Profit (loss) before tax		**-8,030**	**-13,697**
Income tax expense	2.8	-1,772	-3,131
Profit (loss) for the year		**-6,258**	**-10,566**
Profit (loss) for the year attributable to:			
Equity holders of the parent company		-6,258	-10,566
Earnings per share:			
Basic earnings per share	6.9	-0.03	-0.06
Diluted earnings per share	6.9	-0.03	-0.06

Consolidated statement of comprehensive income

For the years ended 31 December		
Amounts in USD 1,000	**2023**	**2022**
Profit (loss) for the year	**-6,258**	**-10,566**
Other comprehensive income:		
Items that subsequently will not be reclassified to profit or loss:		
Exchange differences on translation of parent company	-1,838	-7,025
Total items that may be reclassified to profit or loss	**-1,838**	**-7,025**
Items that subsequently may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	-3	0
Total items that may be reclassified to profit or loss	**-3**	**0**
Other comprehensive profit (loss) for the year	**-1,841**	**-7,025**
Total comprehensive profit (loss) for the year	**-8,099**	**-17,590**
Total comprehensive profit (loss) attributable to:		
Equity holders of the parent company	-8,099	-17,590

Consolidated statement of financial position

Amounts in USD 1,000	Notes	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Intangible assets	5.1	3,610	2,459
Goodwill	5.1, 5.2	2,783	2,872
Property, plant and equipment	5.3	639	830
Right-of-use assets	5.4	2,520	3,140
Deferred tax assets	2.8	8,849	7,108
Other non-current assets		111	132
Total non-current assets		**18,510**	**16,541**
Current assets			
Inventories	3.1	15,320	18,713
Trade receivables	3.2	11,175	11,099
Other receivables	2.5, 3.2	5,096	4,115
Cash and cash equivalents	6.6	14,553	13,274
Total current assets		**46,143**	**47,202**
TOTAL ASSETS		**64,653**	**63,743**

Consolidated statement of financial position

EQUITY AND LIABILITIES			
Equity			
Share capital	6.7	215	192
Share premium		86,383	78,979
Other capital reserves		2,359	2,068
Other equity		-38,694	-30,311
Total equity		**50,264**	**50,928**
Non-current liabilities			
Non-current interest-bearing liabilities	6.2, 6.10	1,376	0
Non-current lease liabilities	5.4	1,903	2,554
Other non-current liabilities	3.5	108	125
Total non-current liabilities		**3,388**	**2,679**
Current liabilities			
Current lease liabilities	5.4	885	850
Trade and other payables	3.4	6,526	6,177
Contract liabilities	3.3	1,368	1,111
Income tax payable	2.8	73	60
Other current liabilities	3.5	2,150	1,938
Total current liabilities		**11,001**	**10,137**
Total liabilities		**14,389**	**12,816**
TOTAL EQUITY AND LIABILITIES		**64,653**	**63,743**

Oslo, March 19, 2024

Geir Førre
Chairman of the Board

Aksel Lund Svindal
Board member

Karin Margareta Berg
Board member

Emma Carina Tryti
CEO

Liv Hege Dyrnes
Board member

Chloe Emma Waller
Board Member

Niklas Copley Norin
Board member

Consolidated statement of cash flows

For the years ended 31 December			
Amounts in USD 1,000	**Notes**	**2023**	**2022**
Cash flows from operating activities			
Profit (loss) before tax		**-8,030**	**-13,697**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial items	2.7	-320	-965
Depreciation, amortization and impairment	2.6	1,517	2,877
Share-based payment expense	6.8	292	364
Working capital adjustments:			
Changes in inventories	3.1	3,394	-7,284
Changes in trade and other receivables	3.2	-1,057	-1,476
Changes in trade and other payables and contract liabilities	3.3, 3.4	606	-633
Changes in other liabilities	3.5	194	-1,354
Net cash flows from operating activities		**-3,403**	**-22,169**
Cash flows from investing activities			
Development expenditures	5.1	-1,678	-2,145
Purchase of property, plant and equipment	5.3	-92	-341
Interest received	2.7	395	258
Net cash flow from investing activities		**-1,375**	**-2,228**
Cash flow from financing activities			
Proceeds from issuance of equity	6.7	7,143	312
Proceeds of interest-bearing liabilities	6.10	1,300	0
Payments for the principal portion of the lease liability	5.4	-724	-698
Payments for the interest portion of the lease liability	5.4	-159	-201
Interest paid	2.7	-52	0
Net cash flows from financing activities		**7,508**	**-586**
Net increase/(decrease) in cash and cash equivalents		**2,730**	**-24,983**
Cash and cash equivalents at 1 January		13,274	42,174
Net foreign exchange difference		-1,452	-3,917
Cash and cash equivalents at 31 December		**14,553**	**13,274**

Consolidated statement of changes in equity

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves*	Other Equity: Cumulative translation differences	Other Equity: Retained earnings	Total equity
Equity at as 1 January 2022	**190**	**78,669**	**1,704**	**1,962**	**-14,683**	**67,842**
Profit (loss) for the year					-10,566	-10,566
Other comprehensive profit (loss)				-7,025		-7,025
Total comprehensive profit (loss)	**-**	**-**	**-**	**-7,025**	**-10,566**	**-17,590**
Capital increase	2	310				312
Transaction costs						-
Share-based payments (Note 6.8)			364			364
Equity as at 31 December 2022	**192**	**78,979**	**2,068**	**-5,062**	**-25,248**	**50,928**
Profit (loss) for the year					-6,258	-6,258
Other comprehensive profit (loss)				-1,841		-1,841
Total comprehensive profit (loss)	**-**	**-**	**-**	**-1,841**	**-6,258**	**-8,099**
Capital increase (Note 6.7)	23	7,404				7,428
Transaction costs					-285	-285
Share-based payments (Note 6.8)			292			292
Equity as at 31 December 2023	**215**	**86,383**	**2,359**	**-6,903**	**-31,791**	**50,264**

*The cost of equity-settled share based payments is recognized as an employee benefits expense, with a corresponding increase in other capital reserves, over the vesting period (see note 6.8).

Section 1 — General information and accounting policies

1.1 Corporate information

Airthings ASA ('the Company') is a publicly listed company on Oslo Stock Exchange, with the ticker symbol AIRX. Airthings ASA is incorporated and domiciled in Norway with principal offices located at Wergelandsveien 7, 0167 Oslo, Norway.

Airthings and its subsidiaries (collectively "the Group", or "Airthings") develop and produces solutions for monitoring indoor air quality, radon, and energy efficiency. The Group sells its products and solutions to consumers and businesses around the world.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 19 March 2024.

1.2 Basis of preparation

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and related notes.

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. The consolidated financial statements have been prepared on a historical cost basis, the Company has no assets or liabilities valued at fair value. All figures are presented in USD thousands (1,000), except when otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous period. Further, the consolidated financial statements are prepared based on the going concern assumption.

Presentation currency and functional currency

The consolidated financial statements are presented in United States dollar ("USD"). Airthings ASA has Norwegian krone ("NOK") as its functional currency and its subsidiaries have SEK or USD as their functional currencies. The Group presents its consolidated financial statements in USD to provide the primary users of the financial statements with more convenient information.

Climate risk

The Group has considered the impact of climate risks when preparing the consolidated financial statements for the year ended 31 December 2023. We have especially considered how our current valuation of assets and liabilities may be impacted by risks related to climate and weather change, waste management, manufacturing, material and sourcing risk and water consumption and innovation for a circular economy, as well as our plans to mitigate those risk factors. Especially, the Group's climate change risk analysis has identified the following:

- Higher energy price fluctuations might affect the Group's manufacturing costs in the short run
- More extreme weather might affect infrastructure, manufacturing/operations, logistics and component scarcity both in the shorter and longer run
- Potential future regulation related to improved battery usage and waste management might lead to changes in product development and manufacturing, potentially increasing manufacturing expenses in the long run

We do however not believe that there is a material impact on the financial reporting judgments and estimates arising from our considerations and as a result the valuations of our assets or liabilities have not been significantly impacted by these risks as at 31 December 2023.

In coming to this conclusion we have reviewed each line item in the statement of financial position and identified those line items that could have the potential to be significantly impacted by climate-related risks and our plans to mitigate against these risks. Those line items that have the potential to be significantly impacted are those taken into consideration forward looking information. Those items have then been reviewed in detail to confirm:

- That the growth rates and projected cash flows used in our goodwill impairment assessments and for considerations related to recognition of deferred tax assets are consistent with our climate related risk assumptions
- Useful life of our intangible assets are appropriate given the risk of future regulation and change in consumer behaviour potentially requiring us to change our development processes
- That the assumptions used when considering impairment of our inventories take into consideration our climate related risk assessments

1.3 General accounting policies

Airthings has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. A summary of the Group's general accounting policies not disclosed in the notes, are presented below:

Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method.

New and amended standards adopted by the Group

The Group applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after 1 January 2023. The amended standards that applied for the first time in 2023 did not have any material impact on the consolidated financial statements of 2023, except for:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are effective for these consolidated financial statements beginning on 1 January 2023.

The Group has not made any voluntary accounting policy changes in 2023.

Standards issued but not yet effective

The Group has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective. The Group intends to adopt new and amended standards and interpretations, if relevant, when they become effective.

The Group does not expect any significant effects related to upcoming standards and amendments. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgments that may have the most significant effect on the amounts recognized in the financial statements, are summarized below:

Estimates and assumptions:

- Recognition and measurement of deferred tax assets (note 2.8)
- Value of inventory (note 3.1)
- Value in use calculations in relation to impairment testing of goodwill (note 5.2)
- Estimating fair value for share-based payments transactions (note 6.8)

A detailed description of the significant estimates and assumptions are included in the individual note referenced above.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Accounting judgments:

- Determination of CGUs (note 5.2)

Section 2 — Operating segments and profit or loss items

2.1 Operating segments

For management purposes, the Group is organized into business areas based on its different markets and has three reportable segments, as follows:

- Consumer – sale of air quality sensors to private customers through retailers and e-commerce.
- Business – sale of air quality solutions to schools, office buildings, and other commercial buildings.
- Professional – sale of measurement solutions which enables inspectors and certified radon professionals to accurately measure, analyze and report on buildings. The professional segment also offers rental of products and calibration services.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated by the Board of Directors based on EBITDA and is measured consistently with operating profit or loss before depreciation and amortization as reported under IFRS. The Group's financing (including finance costs and finance income), depreciation and amortization and income taxes are managed on a Group basis and are not allocated to operating segments as underlying assets are managed on a Group basis.

Group functions

The remaining of the Group's activities and business are shown in the "Group functions" column in the tables below. These activities mainly relate to R&D, marketing, and administrative functions of the Group.

The Group previously reported direct marketing activities, such as performance marketing and channel marketing, as "Group functions" in 2022. These costs have been attributed to each segment from 2023 create a more correct picture of the individual segment performance and explain the increase seen in Consumer's "Other operating expenses".

Assets and liabilities by reporting segment is not included in management reporting and is therefore not disclosed separately within the operating segments.

Year ended 31 December 2023 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	24,773	9,673	2,145	-	36,592
Total revenue	**24,773**	**9,673**	**2,145**	**-**	**36,592**
Cost of goods sold	10,735	3,242	325	-	14,302
Employee benefit expenses	1,667	3,878	290	9,255	15,090
Other operating expenses	6,178	957	590	6,308	14,033
EBITDA	**6,193**	**1,597**	**941**	**-15,563**	**-6,832**

Year ended 31 December 2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	23,037	10,313	2,075	-	35,424
Total revenue	**23,037**	**10,313**	**2,075**	**-**	**35,424**
Cost of goods sold	9,871	4,254	340	-	14,465
Employee benefit expenses	2,046	3,934	323	10,351	16,654
Other operating expenses	3,830	1,091	687	10,482	16,090
EBITDA	**7,291**	**1,033**	**724**	**-20,833**	**-11,785**

Major customers

In 2023 the largest customer of the Group accounted for 34% (2022: 23%) of consolidated revenues, mainly allocated to the consumer segment. The second largest customer accounted for 13% of consolidated revenues in 2023 (2022: 11%), also mainly allocated to the consumer segment. The Group does not have any other customers that represents more than 10% of the Group's revenue.

Geographical disaggregation

Reference is made to note 2.2 Revenue for information on the Group's geographical markets.

Non-current operating assets (USD 1,000)	2023	2022
Located in Norway	6,251	5,883
Located in foreign countries	517	546
Total	**6,768**	**6,429**

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, and intangible assets.

2.2 Revenue

Airthings is a manufacturer of air quality sensors and related software products for air quality, radon measurement and energy efficiency solutions. The Group's revenue from contracts with customers is reported in three main segments as described in note 2.1: Consumer, Business and Professional.

To the private customer, Airthings is selling sensors for monitoring air quality and radon in private homes, through distributors/resellers and Airthings.com.

Airthings for Business is the Group's B2B segment, selling solutions to schools, office buildings, and other commercial buildings. For the business segment, the Customer can choose to buy an extensively more advanced software (a SaaS – solution) than the one offered to consumers. Airthings provides significant support and upgrades through the cloud-based SaaS subscription. If the customer decides to cancel their subscription after the initial contract term, they will still keep their device and can continue to use them without the software. The customer may also reorder the subscription at a later stage.

ACCOUNTING POLICIES

Identifying Performance obligation

In the consumer segment, sales generally consist of the provision of air quality monitors with additional apps that can be downloaded for free, providing display features etc. Such arrangements are generally regarded as two performance obligations; i.e. the air quality monitor and the software/app. However, the relative stand-alone selling price for the app is considered insignificant, and revenue is only allocated to the sale of air quality monitors.

Within the business segment, revenue is generally considered to consist of two performance obligations: sale of devices (hardware) and sale of SaaS-services. The revenue is allocated based on the relative stand-alone selling prices.

Revenue streams

Sale of air quality sensors

Some of the Group's contracts for the sale of air quality sensors are with distributors/resellers which are not the end-users. The distributors control the goods before these are sold to the end-customer, i.e., the distributors act as principals. As such, the Group recognizes revenue from sale of air quality sensors to the distributors on a gross basis upon delivery to the distributors. The payment terms normally range from 30 to 90 days.

Revenue from sale of air quality sensors through Airthings.com is recognized when the sensor is delivered to the customer.

Consideration payable to a customer

Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to a customer. The Group's contracts involve in certain cases consideration payable to distributors related to various services. This includes marketing initiatives (such as in-store promotions and sponsored links to products) campaigns (sale of air quality sensors at a reduced price to end customers during a promotional period), and damage allowance (consideration to cover the distributor's returns and disposals from the end customers) among others. The consideration for marketing initiatives and campaigns is accounted for as a reduction of the transaction price and is recognized at the same time as the revenue from sale of the related air quality sensors. Damage allowance, corresponding to actual estimated normal assurance type warranty costs of own products, are accounted for as operating expenses, as long as the cost/provision can be reasonably estimated. In addition, arrangements where the Group obtains distinct services from distributor that are independent of the Group's sales to the distributor on the other hand, such as specific marketing services and other vendor services, are accounted for as operating expenses in line with the regular purchase of services.

The consideration is estimated when the sale occurs (based on the expected value of sales to the customer) and recognized as other liabilities (refer to note 3.5).

Sale of Software as a service ("SaaS")

Many of the Group's air quality sensors have a SaaS/an app availability. In the business segment, the air quality sensor is linked to a SaaS subscription which is paid upfront. In addition to connecting the devices together and providing significant features of tracking and comparing the air quality in the building, the Group also provides significant support and upgrades throughout the subscription period. The prepaid annual subscription fee is recognized on a straight-line basis over the subscription period to reflect the transfer of control to the customer.

Contract liabilities

Contract liabilities mainly relate to remuneration received in advance for SaaS subscriptions. Refer to note 3.3 for further description of the Group's contract liabilities.

Sale of calibration services

Revenue from sale of calibration services in the professional market is recognized at a fixed price when the service is performed.

Rental income

Rental income is derived from rental of equipment, such as Corentium Pro, in the professional segment. Rental income is accounted for on a straight-line basis over the lease term and is presented as revenues in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Set out below is the disaggregation of the Group's total revenues:

Revenues (USD 1,000)	2023	2022
Revenue from contracts with customers	36,185	34,953
Rental income	407	471
Total revenues	**36,592**	**35,424**

Set out below is the geographical disaggregation of the Group's revenue from contracts with customers:

Geographical information (USD 1,000)	2023	2022
EMEA	7,961	10,102
North America (USA and Canada)	28,224	24,851
Total revenue from contracts with customers	**36,185**	**34,953**

The information above is based on the location of the customers.

Timing of revenue recognition (USD 1,000)	2023	2022
Goods transferred at a point in time	32,941	32,527
Subscription and services transferred over time	3,244	2,427
Total revenue from contracts with customers	**36,185**	**34,953**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

(USD 1,000)	2023	2022
Within one year	1,044	823
More than one year	324	307
Total	**1,368**	**1,131**

The table above does not include remaining performance obligations that are part of contracts with an original duration of one year or less. The remaining performance obligations expected to be recognized in more than one year relate to the delivery of software services (Saas).

2.3 Employee benefit expenses

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group and are expensed when earned. Ordinary salary can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pensions contributions are earned on a monthly basis. Share-based payment expenses are related to the Group's share option program (see note 6.8). For information on remuneration to Management and the Board of Directors, including disclosures on shares and share options held, see note 7.1.

Pensions

The Group has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Employee benefit expenses (USD 1,000)	2023	2022
Salaries	12,122	13,477
Social security costs	1,807	1,902
Pension costs	567	615
Share-based payment expenses	292	364
Other employee expenses	303	296
Total employee benefit expenses	**15,090**	**16,654**
Average number of full time employees (FTEs)	117	124

2.4 Other operating expenses

Other operating expenses are recognized when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortization, impairment and income tax expense.

Other operating expenses (USD 1,000)	2023	2022
Marketing	5,109	5,673
External services	3,404	4,999
Freight	1,572	2,062
Offices	1,304	1,332
Software	1,147	955
Other operating expenses	1,498	1,070
Total other operating expenses	**14,033**	**16,090**

The table below illustrates the Group's employee benefit expenses and other operating expenses by function.

Operating expenses (USD 1,000)	2023	2022
Sales and marketing	17,706	19,621
Research and development	6,496	7,201
General and administrative	4,921	5,922
Total operating expenses	**29,123**	**32,744**

Total research and development expenses for 2023 were USD 6.5 million (net of cost reduction from Innovation Norway and SkatteFUNN, refer to note 2.5), recognized as employee benefit expenses and other operating expenses in the consolidated statement of profit or loss. For 2022 total research and development expenses were USD 7.2 million (net of cost reduction from SkatteFUNN, refer to note 2.5).

Remuneration to the auditor (USD 1,000)	2023	2022
Statutory audit fee	144	117
Tax advisory and other services	9	60
Total remuneration to the auditor	**153**	**177**

The amounts above are excluding VAT.

2.5 Government grants

Grant from Innovation Norway

In 2023, Airthings ASA received funds from Innovation Norway related to a R&D project with final reporting 31 March 2025. A maximum grant of 17.0 MNOK and a growth loan of maximum 24.0 MNOK were awarded to the Company. The Company received 5.1 MNOK of the grant and 14.0 MNOK of the growth loan in a first instalment of the funding. The grant related to expenses is presented on an net basis as a cost reduction. The grants related to an asset recognised as a reduction of the asset.

SkatteFUNN

In 2023, Airthings ASA received a three-year SkatteFUNN grant from the Norwegian Research Council (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry). SkatteFUNN related to expenses is presented on a net basis as a cost reduction. The grants related to an asset recognised as a reduction of the asset.

Grants (USD 1,000)	Line item	2023	2022
Grant from Innovation Norway	Other operating expenses	119	-
Grant from SkatteFUNN	Employee benefit expenses	148	247
Grant from SkatteFUNN	Other operating expenses	52	247
Total government grants recognized		**319**	**494**

Government grants in the consolidated statement of financial position:

Grants (USD 1,000)	Line item	2023	2022
Grant from Innovation Norway	Other current liabilities	-283	-
Grant from SkatteFUNN	Other receivables	467	482

2.6 Depreciation and amortization

Depreciation and amortization expenses (USD 1,000)	Note	2023	2022
Depreciation of property, plant and equipment	5.3	306	269
Depreciation of right-of-use assets	5.4	735	769
Amortization of intangible assets	5.1	475	395
Total depreciation and amortization expenses		**1,517**	**1,433**

2.7 Finance income and costs

ACCOUNTING POLICIES

Foreign currency gains or losses are reported as foreign exchange gain or foreign exchange loss in finance income or finance costs, except for currency translation effects from translation of foreign subsidiaries and the parent company which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 6.1

Finance income (USD 1,000)	2023	2022
Interest income	405	261
Foreign exchange gain	256	912
Total finance income	**660**	**1,173**

Finance costs (USD 1,000)	2023	2022
Interest expenses	56	7
Interest expense on lease liabilities	159	201
Other finance costs	125	-
Total finance costs	**341**	**208**

Interest income represents mainly interest income on cash deposits, and interest expenses represent mainly interest expenses on lease liabilities, measured and classified at amortized cost in the consolidated statement of financial position, and interest expense on growth loan from Innovation Norway.

Other finance costs represents facility fee related to the RCF with Danske Bank.

Foreign exchange (USD 1,000)	2023	2022
Foreign exchange gain	5,095	7,341
Foreign exchange loss	4,840	6,429
Net foreign exchange gain (loss)	**256**	**912**

2.8 Income tax

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

As most of the deferred tax assets and liabilities relates to Airthings ASA (parent company), these are to a large extent offset in the consolidated financial statements.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As at 31 December 2023, the Group had USD 38.0 million of tax losses carried forward in the parent company (31 December 2022: USD 30.6 million), which have been fully recognized as deferred tax assets in the consolidated financial statements as the Group considers it to be probable that these taxable losses may be utilized in the future.

When assessing the probability of utilizing these losses, the Group considers factors such as:

Positive evidence

- Historical tax losses are mainly related to a desired expansion strategy and significant expenses related to research and development. In response, Airthings adapted its strategy and approach to enable both scalability and profitability. The new strategy, called Airthings 3.0, builds on a more selective and disciplined go-to-market approach, a sharper focus on unit economics and customer lifetime value, and continued improvements of the software offering to further enhance the value proposition. The aim of the strategy is to drive scalable growth from improved gross margins and revenue growth above operating cost development, and shortening the path to profitability. The strategic changes were implemented during the first half of 2023, and the Company saw gradually stronger effects over the three last quarters of the year.
- Based on board-approved budgets and forecasts for the period 2024-2027, Airthings expects to utilize a significant portion of the loss carryforward by 2027. A reduction of 5% in budgeted and forecasted accumulated EBIT for the period 2024-2027 would have led to a partial impairment of deferred tax assets in 2023.

Negative evidence

- Airthings ASA currently has a net deferred tax asset and lacks sufficient taxable temporary differences against which it can be utilized.
- Airthings ASA is the only Norwegian company in the Group, with limited opportunities for tax planning such as Group contributions.

Overall, the Group has as of 31 December 2023 determined that the positive evidence outweighs existing negative evidence to support recognition of deferred tax assets and thus the 50% probability threshold ("more likely than not") is considered as passed. However, there are uncertainties connected with the Group's forecasts of taxable profit. If the Group had concluded that the 50% probability threshold was not met and concluded not to recognize deferred tax assets (limited to partly recognition or no recognition at all), this would have caused a decrease in deferred tax assets, decrease in negative tax expense and in the end a decrease in equity. No recognition at all of deferred tax assets related to taxable losses would in isolation result in an equity reduction of USD 8.4 million as at 31 December 2023.

Current income tax expense (USD 1,000)	**2023**	**2022**
Tax payable	116	33
Change deferred tax/deferred tax assets (ex. OCI effects)	-1,888	-3,165
Total income tax expense	**-1,772**	**-3,131**

Deferred tax assets (USD 1,000)	**31.12.2023**	**31.12.2022**
Property, plant and equipment	795	1,484
Right-of-use assets (net amount)	-15	-75
Customer contracts	-	554
Other current assets	-466	-270
Merger	-928	-1,531
Losses carried forward (including tax credit)	-38,041	-30,678
Other	-1,565	-1,794
Basis for deferred tax assets	**-40,221**	**-32,310**
Calculated deferred tax assets	8,849	7,108
Deferred tax assets not recognized	-	-
Net deferred tax assets in the statement of financial position	**8,849**	**7,108**

Deferred tax liabilities (USD 1,000)	**31.12.2023**	**31.12.2022**
Intangible assets		
Basis for deferred tax liabilities	**0**	**0**
Calculated deferred tax liabilities		
Deferred tax not recognized		
Deferred tax liabilities recognized in the statement of financial position	**0**	**0**

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 20.6% to 22%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to t he Group. The effect from the statutory income tax rates from other countries (Sweden and the USA) on the Group tax rate is very limited as the main operations are in Norway. The average tax rate for the Group's deferred tax assets is 22.07% for 31.12.2023 and 21.65% for 31.12.2022.

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense (USD 1,000)	2023	2022
Profit or loss before tax	**-8,030**	**-13,697**
Tax expense 22% (Norwegian tax rate)	-1,767	-3,013
Change to prior period tax expense	37	-
Permanent differences*	-51	-43
Effects of foreign tax rates	8	-4
Effects of changes in tax rate	-	-
Currency effects	-	1
Effect of not recognizing deferred tax assets	-	-72
Recognized income tax expense	**-1,772**	**-3,131**

* The permanent differences are related to SkatteFUNN, options and other non-deductible costs among the Group's entities.

Section 3 — Other operating activities

3.1 Inventories

Inventories are valued at the lower of cost and net realizable value. Inventory costs comprise cost of goods sold, impairment, and obsolete goods.

- Sensors and components: Sensors and other critical items that are utilized in production. Purchase cost on a first-in/first-out basis (FIFO)
- Finished goods: Stock keeping units that are sold to customers. Includes cost of direct materials, direct wages, packaging and a proportion of manufacturing overheads based on the normal operating capacity.

Inventories (USD 1,000)	31.12.2023	31.12.2022
Finished goods	8,737	12,637
Sensors and components	6,583	6,076
Total inventories at the lower of cost and net realizable value	**15,320**	**18,713**

In 2023, there was a partial write-down of USD 31 thousands related to finished goods. In 2022, there was a write down of finished goods of USD 223 thousands related to the de-recognition of the Airtight technology. There were no reversal of write-down of components or finished goods in the periods presented.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Value of inventories

The valuation of inventory at net realisable value involves judgment made by management. The inventory is reviewed periodically to secure that the book value of stock is greater than its net realisable value. Write-downs are made for obsolete items based on assessment of the age distribution of inventory items and whether the items are part of an active or expired product range.

3.2 Trade and other receivables

Trade and other receivables

The Group's trade receivables consist solely of amounts receivable from revenue contracts with customers. Other receivables consist mainly of prepaid expenses and government grant receivables. Trade and other receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Expected credit losses

The Group recognizes an allowance for expected credit losses (ECLs) for its financial assets based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance. The provision matrix is initially based on the Group's historical observed default rates. The matrix will be calibrated to adjust the historical credit loss experience with forward-looking information.

Trade receivables (USD 1,000)	31.12.2023	31.12.2022
Trade receivables from customers at nominal value	11,611	11,369
Allowance for expected credit losses	436	270
Total trade receivables	**11,175**	**11,099**

Other receivables (USD 1,000)	31.12.2023	31.12.2022
Prepaid expenses	3,943	3,101
Government grants	467	482
Related parties	-	1
Other	686	531
Total other receivables	**5,096**	**4,115**

As at 31 December the ageing analysis of trade receivables is, as follows:

		Trade receivables			
Ageing analysis of trade receivables (USD 1,000)	Not due	< 30 days	31-60 days	> 60 days	Total
Trade receivables at 31.12.2023	6,983	1,072	380	2,740	**11,175**
Trade receivables at 31.12.2022	6,801	1,447	682	2,169	**11,099**

USD 4.2 million of trade receivables are due hence the risk is minimized through close connection with the Group's largest customers and they also have high credit score. For details regarding the Group's procedures in managing credit risk, see note 6.4.

3.3 Contract liabilities

The Group's contract liabilities relate to prepayments for SaaS subscriptions which are normally paid 12 months in advance. As such, the balance of account at the end of the year represents the Group's deferred revenue related to performance obligations that will be satisfied within one year. The Group's contract liabilities are presented in the table below:

Contract liabilities (USD 1,000)	31.12.2023	31.12.2022
Amount included at the beginning of the period	**1,111**	**863**
Addition of new contract liabilities	1,665	940
Performance obligations recognized in the period	-1,409	-692
Total contract liabilities	**1,368**	**1,111**

3.4 Trade and other payables

Trade and other payables (USD 1,000)	31.12.2023	31.12.2022
Trade payables	3,637	3,937
Withholding payroll taxes and social security	921	1,034
Other payables	1,967	1,205
Total trade and other payables	**6,526**	**6,177**

3.5 Other liabilities

The Group classifies other liabilities in the following categories:

- Salary related costs: contains other liabilities for accrued bonuses and other salary related accruals.
- Social security for share-based payments: contains other liabilities for the accrued social security on share options and restrictive share units which will be paid when the options are exercised. As part of the share-based payment program, employees are required to compensate the Group for social security taxes payable upon exercise. Hence, a corresponding receivable has been recognized as other non-current assets in the balance sheet.
- Consideration payable to a customer: contains other liabilities for accrued consideration to a customer.
- Liabilities on government grants: contains other liabilities related to government grant from Innovation Norway that has not yet been earned.

Reconciliation of other liabilities:

(USD 1,000)	Salary related costs	Social security for share-based payments	Considera-tion payable to a customer	Liabilities on govern-ment grants	Total
At 1 January 2022	**1,723**	**1,090**	**604**	**0**	**3,417**
Additions	1,938	-600	-604	-	**734**
Amounts used	-1,723	-243	-	-	**-1,966**
Unused amounts reversed	-	-28	-	-	**-28**
Currency translation effects	-	-94	-	-	**-94**
At 31 December 2022	**1,938**	**125**	**0**	**0**	**2,063**
Other current liabilities					**1,938**
Other non-current liabilities					**125**
At 1 January 2023	**1,938**	**125**	**0**	**0**	**2,063**
Additions	1,867	-6	-	283	**2,144**
Amounts used	-1,938	-7	-	-	**-1,945**
Unused amounts reversed	-	0	-	-	**0**
Currency translation effects	-	-4	-	-	**-4**
At 31 December 2023	**1,867**	**108**	**0**	**283**	**2,257**
Other current liabilities					**2,150**
Other non-current liabilities					**108**

Section 4 — Group structure

4.1 Overview of Group companies

ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of Airthings ASA and its subsidiaries as at 31 December 2023. The subsidiaries are consolidated when control is achieved as defined by IFRS 10. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated entities

The subsidiaries of Airthings ASA are presented below:

Consolidated entities	Office	Funct. CUR	Shareholding	Group's voting ownership share
Airthings America INC	USA	USD	100%	100%
Airthings AB	Sweden	SEK	100%	100%

Section 5 - Non-current assets

5.1 Intangible assets

ACCOUNTING POLICIES

Intangible assets acquired

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Capitalization of internal development costs

Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate the technical feasibility, intention, ability, and resources to complete and utilize the asset, as well as the generation of future economic benefits and reliable measurement of the expenditure during development.

Useful lives and subsequent measurement

Intangible assets with indefinite useful lives (goodwill) are measured at cost less any accumulated impairment losses. Those with finite useful lives are amortized over their economic life and tested for impairment when indicators arise. The amortization period for capitalized development costs will be set as 3 or 5 years. In general, the more customer-facing a platform or product is, the shorter the useful life of the asset is expected to be. If an asset is planned to be replaced or retired before the end of the depreciation period, a formal management decision is conducted to adjust the useful life and accelerate amortization.

Changes in the expected useful life are treated as accounting estimate changes.

(USD 1,000)	Internally generated intangible assets	Software & systems	Technology	Goodwill	Total
Acquisition cost as at 1 January 2022	**0**	**1,129**	**1,864**	**3,210**	**6,203**
Additions	1,962	184	822	-	2,967
Currency translation effects	-814	-141	-303	-338	-1,596
Acquisition cost as at 31 December 2022	**1,148**	**1,171**	**2,383**	**2,872**	**7,574**
Additions	1,583	93	2	-	1,678
Reclass to Technology	-266	-	266	-	0
Currency translation effects	13	-32	-68	-89	-176
Acquisition cost as at 31 December 2023	**2,479**	**1,232**	**2,583**	**2,783**	**9,076**
Accumulated amortization as at 1 January 2022	**0**	**282**	**217**	**0**	**499**
Amortization charge for the year	-	305	90	-	395
Impairment charge for the period	-	-	1,444	-	1,444
Currency translation effects	-	-33	-60	-	-93
Accumulated amortization as at 31 December 2022	**0**	**554**	**1,690**	**0**	**2,244**
Amortization charge for the year	-	318	157	-	475
Impairment charge for the period	-	-	-	-	-
Currency translation effects	-	-8	-25	-	-33
Accumulated amortization as at 31 December 2023	**0**	**864**	**1,823**	**0**	**2,687**
Net book value:					
At 31 December 2022	**1,148**	**617**	**693**	**2,872**	**5,330**
At 31 December 2023	**2,479**	**370**	**760**	**2,783**	**6,392**

		Software & systems	Technology	Goodwill
Economic life (years)		5	3 - 5	Indefinite
Depreciation plan		Straight-line		

Additions

Additions in 2022 and 2023 relates mainly to capitalized development costs. These assets are under development per 31 December 2023. When the asset is released, it will be classified as software & systems or technology. USD 266 thousand has been released in 2023.

5.2 Goodwill & impairment considerations

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment considerations

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group applies the value-in-use model for determining recoverable amount for the purpose of goodwill impairment testing. For more information on the model and key assumptions, see description below.

Goodwill (USD 1,000)	
Gross amount as at 1 January 2022	**3,210**
Currency translation effects	-338
Gross amount as at 31 December 2022	**2,872**
Currency translation effects	-89
Gross amount as at 31 December 2023	**2,783**
Accumulated impairment as at 1 January 2022	**-**
Impairment for the year	-
Accumulated impairment as at 31 December 2022	**-**
Impairment for the year	-
Accumulated impairment as at 31 December 2023	**-**
Carrying amount as at 1 January 2022	**3,210**
Carrying amount as at 31 December 2022	**2,872**
Carrying amount as at 31 December 2023	**2,783**

All of the Group's goodwill is allocated to the Business segment CGU.

SIGNIFICANT ACCOUNTING JUDGMENTS

Business segment – CGU

For impairment testing, goodwill acquired through the business combination of Airtight was allocated to the business segment CGU. The business segment CGU is the smallest identifiable group of assets that generates cash inflows to the Group (that goodwill can be allocated to), and these are largely independent of the cash inflows from other assets.

Basis for determining the recoverable amount

The CGUs recoverable amount has been determined based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from detailed budget and forecast calculations for the next four years approved by the Board of Directors. Restructuring activities and significant future investments are excluded from the budgets. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows and the terminal growth rate.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Impairment testing of goodwill

The calculation of value in use for the CGU's are most sensitive to the following assumptions:

- Revenue growth
- Free cash flow margin (before tax)
- Pre-tax discount rate
- Terminal growth rate

Revenue growth

The expected growth in revenues is based on trends in the industry and the Group's market share. The growth forecast is based on management's expectations of future conditions in the markets, and has been determined as part of the yearly budget process. Macro trends such as the increasing awareness of Indoor Air Quality (IAQ) and heightened focus on energy costs and sustainability are anticipated to intensify in the years ahead. Management also expects Airthings' market position to remain largely constant. Given these factors, management has performed both a bottoms-up and top-down forecasting of growth in Airthings for Business and the assumption is presented as the constant average growth rate over the forecast period.

EBITDA margin

The EBITDA margin is determined from an analysis of historical levels before tax, adjusted for expected changes to employee benefit expenses, other expenses, capital expenditures and changes to working capital. This, combined with an assumption of a larger share of revenues coming from software subscription, as well as operational improvements, results in an improved EBITDA margin than has been experienced historically.

Pre-tax discount rate

The discount rate reflects the current market assessment of the risks specific to the CGU. The pre-tax discount rate is estimated based on the weighted average cost of capital (WACC).

Terminal growth rate

The terminal growth rate is the estimated long-term rate of growth in the economy where the business operates, aligned with long term global inflation targets. The key assumptions used to determine the recoverable amount for the business CGU are presented below:

CGU	Revenue growth in the forecast period*	EBITDA margin	Terminal growth rate	Pre-tax discount rate
Business CGU - 31 December 2023	40.1 %	13.50%	2.0 %	14.7 %

*Revenue growth rate is based on a compound annual growth rate (CAGR)

The recoverable amount of the cash generating units are higher than their carrying amount and no impairment loss has been recognized in the current or prior period.

Sensitivity analysis

Future events could cause the key assumptions to deviate from the amounts used in the forecast period. The Group has performed a sensitivity analysis for each key assumption; revenue growth in the forecast period, EBITDA margin (before tax), terminal growth rate and the pre-tax discount rate. Management believes that no reasonably possible change in the key assumptions above would cause the carrying amount of the CGU to materially exceed its recoverable amount.

5.3 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

No indicators for impairment of property, plant and equipment were identified in the current or prior period.

(USD 1,000)	Furniture and equipment	Rental instruments	Total
Acquisition cost as at 1 January 2022	**1,260**	**132**	**1,392**
Additions	282	88	370
Currency translation effects	-78	-7	-85
Acquisition cost as at 31 December 2022	**1,464**	**213**	**1,677**
Additions	92	-	92
Currency translation effects	-59	-29	-88
Acquisition cost as at 31 December 2023	**1,497**	**184**	**1,681**
Accumulated depreciation as at 1 January 2022	**545**	**39**	**584**
Depreciation for the year	240	29	269
Currency translation effects	-6	-1	-6
Accumulated depreciation as at 31 December 2022	**780**	**67**	**847**
Depreciation for the year	294	12	306
Currency translation effects	-99	-12	-110
Accumulated depreciation as at 31 December 2023	**975**	**68**	**1,043**
Net book value:			
At 1 January 2022	**715**	**94**	**808**
At 31 December 2022	**684**	**146**	**830**
At 31 December 2023	**522**	**116**	**639**

Economic life (years)	5	5	
Depreciation plan	Straight-line		

5.4 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES

Group as a lessee

At the commencement date of a lease, the Group recognizes a lease liability and corresponding right-of-use asset in the balance sheet, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than USD 5 thousands)

For these leases, the Group recognizes the lease payments as operating expenses in the consolidated statement of comprehensive income.

The Group as a lessor

The Group acts as a lessor through the professional segment through the rental of equipment such as Corentium Pro. These are primarily short-term operating leases where the Group retains substantially all the risks and rewards incidental to ownership of the asset. Initial direct costs related to operating leases are included in the carrying amount of the leased asset and recognized over the lease term in line with rental income.

The Group's assets under operating leases are included as property, plant and equipment and presented as rental instruments in note 5.3.

The Group's rental income under operating leases is included as revenue in the consolidated statement of profit or loss and specified in note 2.2.

The Group's leased assets

The Group's leases are mainly related to office space in Oslo and Bergen, Norway. Additionally, the Group leases office space in Stockholm, Sweden and Fort Worth, Texas, USA. Leases of office space generally have lease terms between 2 and 4 years. The Group's right-of-use assets recognized in the consolidated statement of financial position are presented in the table below:

Right-of-use assets (USD 1,000)	Office space	Other	Total
Balance as at 1 January 2022	**4,199**	**59**	**4,241**
Depreciation	764	5	769
Currency translation effects	-332	-	-332
Balance as at 31 December 2022	**3,102**	**54**	**3,140**
Additions of right-of-use assets	221	2	223
Depreciation	731	5	735
Currency translation effects	-108	-	-108
Balance as at 31 December 2023	**2,485**	**51**	**2,520**

Remaining lease term or remaining useful life (years)	2–4	4
Depreciation plan	Straight-line	

Expenses in the period related to practical expedients and variable payments (USD 1,000)	2023	2022
Low-value assets lease expenses	117	223
Total lease expenses in the period	**117**	**223**

The lease expenses related to short-term leases are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows (USD 1,000)	31.12.2023	31.12.2022
Less than one year	876	819
1-2 years	878	827
2-3 years	852	832
3-4 years	325	821
More than four years	-	337
Total undiscounted lease liabilities	**2,930**	**3,637**

Changes in the lease liabilities - 2022 (USD 1,000)	Total
At 1 January 2022	**4,473**
New leases recognized during the period	-
Cash payments for the principal portion of the lease liability	-698
Cash payments for the interest portion of the lease liability	-201
Interest expense on lease liabilities	201
Currency translation effects	-371
Total lease liabilities at 31 December 2022	**3,404**
Current lease liabilities in the statement of financial position	850
Non-current lease liabilities in the statement of financial position	2,554

Changes in the lease liabilities - 2023 (USD 1,000)	Total
At 1 January 2023	**3,404**
New leases recognized during the period	-
Cash payments for the principal portion of the lease liability (financing activities)	-724
Cash payments for the interest portion of the lease liability (operating activities)	-159
Interest expense on lease liabilities	159
Currency translation effects	108
Total lease liabilities at 31 December 2023	**2,788**
Current lease liabilities in the statement of financial position	885
Non-current lease liabilities in the statement of financial position	1,903

The Group's lease liabilities

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office buildings, mainly related to future inflation adjustments which is not included in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted to reflect the inflation adjustment when the uncertainty related to the adjustment has been resolved.

Reference is made to note 6.3 for an overview of the Group's undiscounted lease liabilities and maturity of cash outflows as at 31 December 2023 and 31 December 2022.

Section 6 — Financial instruments and equity

6.1 Overview of financial instruments

ACCOUNTING POLICIES

The Group's financial instruments are grouped in the following categories:

Financial Assets

The Group's financial assets mainly comprise trade receivables and cash and cash equivalents.

Reference is made to note 3.2 for information about the Group's policies related to estimating expected credit losses.

Financial Liabilities

The Group's financial liabilities mainly comprise interest-bearing liabilities and trade payables.

Initial recognition and subsequent measurement

The Group's financial assets and liabilities are initially recognized at fair value, adjusted for directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in profit or loss upon impairment, derecognition, and through the EIR amortization process.

The carrying amount of the Group's financial assets and liabilities are presented in the tables below:

31 December 2023 (USD 1,000)	Note	Financial instruments at amortized cost	Total
Assets			
Trade receivables	3.2	11,175	**11,175**
Cash and cash equivalents	6.6	14,553	**14,553**
Total financial assets		**25,727**	**25,727**
Liabilities			
Trade payables	3.4	3,637	**3,637**
Non-current lease liabilities	5.4	1,903	**1,903**
Current lease liabilities	5.4	885	**885**
Non-current interest-bearing liabilities	6.2	1,376	**1,376**
Total financial liabilities		**7,802**	**7,802**

Significant finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 2.7.

31 December 2022 (USD 1,000)	Note	Financial instruments at amortized cost	Total
Assets			
Trade receivables	3.2	11,099	**11,099**
Cash and cash equivalents	6.6	13,274	**13,274**
Total financial assets		**24,373**	**24,373**
Liabilities			
Trade payables	3.4	3,937	**3,937**
Non-current lease liabilities	5.4	2,554	**2,554**
Current lease liabilities	5.4	850	**850**
Total financial liabilities		**7,342**	**7,342**

6.2 Interest-bearing debt

Revolving credit facility

In 1Q 2023 Airthings secured a USD 8 million revolving credit facility (RCF) for a 1-year period with an annual renewal with Danske Bank. In January 2024, Airthings received credit approval for renewal of the RCF subject to documentation and closing procedures which is expected to be within March 2024. The size of the new facility will be reduced from USD 8 to 6 million. As of 31 December 2023, USD 0.0 million of the facility was utilized. The RCF has a tenor of 12 months and falls due in March 2024. When the facility is utilized, it will be classified as short-term interest-bearing debt in the financial statements.

Covenants:

1. Borrowing base: Utilized facility < 30% of inventory and 50% of trade receivables excl. trade receivables more than 60 days due

2. Clean-down: Minimum 1 period of 5 working days between 1 September 2024 and 31 March 2025

Covenants will be measured and monitored quarterly. Airthings was compliant with all covenants as of 31 December 2023.

Grants and growth loan from Innovation Norway

In May 2023, the Group secured a growth loan from Innovation Norway of maximum 24 million NOK to facilitate climate-friendly investments. A total of 14 million NOK of the loan was paid to the Group in 2023. The remaining 10 million NOK is set to be paid prior to 31 March 2025.

Covenants related to the Innovation Norway funding (with effect from 30 June 2023):

1. Equity ratio > 35%

2.Working capital > NOK 50 000 000

Covenants will be measured and monitored quarterly. Airthings was compliant with all covenants as of 31 December 2023.

Non-current interest-bearing liabilities (USD 1,000)	Interest rate	Maturity	31.12.2023	31.12.2022
Growth loan Innovation Norway	7.65%*	2030	1,376	-
RCF with Danske Bank	-	-	-	-

* Innovation Norway may adjust the interest rate with a six week notice upon changes in underlying market interest rates

6.3 Ageing analysis

Contractual undiscounted cash flows from financial liabilities is presented below:

31 December 2023 (USD 1,000)	Note	Remaining contractual maturity 1 — 12 months	1 — 2 years	2 — 3 years	3 — 4 years	More than 4 years	Total
Financial liabilities							
Non-current interest-bearing liabilities	6.2	-	-	-	-	1,839	**1,839**
Trade and other payables	3.4	6,526					**6,526**
Non-current lease liabilities	5.4	-	878	852	325	-	**2,055**
Current lease liabilities	5.4	876					**876**
Total financial liabilities		**7,402**	**878**	**852**	**325**	**1,839**	**11,296**

31 December 2022 (USD 1,000)	Note	Remaining contractual maturity 1 — 12 months	1 — 2 years	2 — 3 years	3 — 4 years	More than 4 years	Total
Financial liabilities							
Trade and other payables	3.4	6,177	-	-	-	-	**6,177**
Non-current lease liabilities	5.4	-	827	832	821	337	**2,818**
Current lease liabilities	5.4	819	-	-	-	-	**819**
Total financial liabilities		**6,996**	**827**	**832**	**821**	**337**	**9,813**

6.4 Financial risk management

Overview

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice and risk management.

Market risk

Financial instruments affected by market risk include interest-bearing debt, cash and cash equivalents, trade receivables, lease liabilities and trade and other payables.

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the growth loan from Innovation Norway. The Group has no other interest-bearing debt, and management therefore considers the interest rate risk to be low.

Foreign currency risk

The Group's exposure to the risk of fluctuations in foreign exchange rates relates primarily to it's operating activities (trade receivables, cash and trade payables denominated in a foreign currency). A significant part of revenues is denominated in USD, with a small portion incurred in NOK, EUR, CAD and GBP. Most of its operating expenses are incurred in NOK. The Group does not currently hedge currency exposure with the use of financial instruments but monitors the net exposure over time.

Geopolitical risks

War in Ukraine — the ongoing war does not currently impact the Group directly, as it has no operating presence in either Russia, Belarus or Ukraine. Indirect effects however, such as financial market volatility, sanctions related knock-on effects, general economic market conditions and other future responses of international governments, might have an impact on the Group's financial results and financial position. The Group's management continues to monitor the situation and has an ongoing assessment of potential impact on the Group's financial results and financial position.

War in Israel/Gaza – the ongoing war in Israel/Gaza is not currently impacting the Group, despite the Group having limited production in Israel. The Group's contract manufacturer for one product is located near Tel Aviv and therefore not in direct proximity to the ongoing armed conflict. The Group's exposure is very limited, but management continues to monitor the situation and has an ongoing assessment of potential impact on the Group's financial results and financial position.

Foreign currency sensitivity

The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates related to the Group's financial assets and liabilities holding all other variables constant:

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax with +10% (USD 1,000)
Increase / decrease in NOK/USD	31.12.2023	+/- 10%	1,234
Increase / decrease in NOK/USD	31.12.2022	+/- 10%	820

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax with +10% (USD 1,000)
Increase / decrease in NOK/CAD	31.12.2023	+/- 10%	215
Increase / decrease in NOK/CAD	31.12.2022	+/- 10%	152

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax with +10% (USD 1,000)
Increase / decrease in NOK/EUR	31.12.2023	+/- 10%	296
Increase / decrease in NOK/EUR	31.12.2022	+/- 10%	160

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax with +10% (USD 1,000)
Increase / decrease in NOK/GBP	31.12.2023	+/- 10%	95
Increase / decrease in NOK/GBP	31.12.2022	+/- 10%	48

*The Group has no financial instruments through OCI and hence the effects on equity are zero.

Credit risk

The Group is mainly exposed to credit risk from its operating activities. The risk is minimized through close connection with the Group's largest customers and monitoring of receivable balances on an ongoing basis. The Group's losses have historically been low. However, the increased operations of the Group outside the US and home market exposes the Group to different credit risk environments. The Board of Directors deems credit risk to be at an acceptable level given the current operational circumstances and outlook of the Group.

Reference is made to note 3.2 for an overview of the ageing of trade receivables and a description of the expected credit losses recognized.

Liquidity risk

The Group may potentially encounter difficulties in meeting obligations associated with financial liabilities that are settled by provision of cash or another financial asset. The Group supervises its risk by monitoring its working capital, and overdue trade receivables. The Group's cash position has weakened since 2021. To improve the cash situation the Group has intensified its focus on optimizing business operations and reducing inventories. This effort includes promotional activities to increase sales and along with cost-saving initiatives.

To further improve its liquidity position, the Group entered into a USD 8 million revolving credit facility with Danske Bank in 1Q 2023. In January 2024, the Group received credit approval for renewal of the RCF subject to documentation and closing procedures which is expected to be within March 2024. The size of the new facility will be reduced from USD 8 to 6 million, see note 6.2. The Group also raised NOK 75 million in gross proceeds through a private placement of 23,437,500 shares in 1Q 2023. In addition, the Group secured funding from Innovation Norway in the form of a grant NOK 17 million and a loan of NOK 24 million. NOK 5.1 million of the grant and NOK 14 million of the loan were paid out to the Group in 2Q 2023. The liquidity risk is hence considered to be at a reasonable level.

An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 6.3 and 6.10.

6.5 Fair value measurement

ACCOUNTING POLICIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates.

Interest-bearing liabilities

The fair values of the Group's interest-bearing loans and borrowings are determined by using the discounted cash flow (DCF) method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

Financial liabilities as of 31.12.2023	Note	Carrying value	Fair value	Level 1	Level 2	Level 3
Non-current interest-bearing liabilities	6.2	1,376	1,376		x	

6.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which is subject to an insignificant risk of changes in value. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes and restricted deposits in Nordea.

Cash and cash equivalents (USD 1,000)	31.12.2023	31.12.2022
Bank deposits, unrestricted	13,530	11,960
Bank deposits, restricted	1,023	1,314
Total cash and cash equivalents	**14,553**	**13,274**

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

6.7 Share capital and shareholders information

The Group's share capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares or issue debt. The Group monitors capital using an equity ratio, which is 'Total equity' divided by 'Total assets'.

(USD 1,000)	31.12.2023	31.12.2022
Total Equity	50,264	50,928
Total Assets	64,653	63,743
Equity ratio	**78%**	**80%**

ACCOUNTING POLICIES

Costs related to equity transactions

Direct and incremental transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders

The Group recognizes a liability to make distributions to equity holders when the distribution is authorized, and the distribution is no longer at the discretion of the Group.

As per the corporate laws of Norway, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity. No distributions were made to shareholders in the current or prior period. Further, there are no proposed dividends.

The ultimate parent

Airthings ASA is the ultimate parent of the Group.

Issued capital and reserves:

Share capital in Airthings ASA	Number of shares authorized and fully paid	Par value per share (NOK)	Financial Position (USD 1,000)
At 31 December 2022	**173,992,346**	**0.01**	**192**
Share capital increase - February 2023*	23,437,500	0.01	23
Share capital increase - November 2023	328,600	0.01	0.3
At 31 December 2023	**197,758,446**	**0.01**	**216**

*Airthings raised NOK 75 million in gross proceeds through a private placement of 23,437,500 shares in 1Q 2023.

All shares are ordinary and have the same voting rights and rights to dividends.
Reconciliation of the Group's equity is presented in the statement of changes in equity.

The Group's shareholders:

Shareholders in Airthings ASA at 31.12.2023	Total shares	Ownership/ Voting rights
Firda AS	57,213,289	29%
Victoria India Fund AS	5,901,881	3%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,894,522	2%
Erlend Peter Johnsen Bolle	4,819,722	2%
Verdipapirfondet KLP AksjeNorge	4,462,222	2%
Holmen Spesialfond	4,228,559	2%
Koki Yoshioka	4,166,650	2%
Brownske Bevegelser AS	3,500,000	2%
The Bank Of New York Mellon SA/NV	3,500,000	2%
A Management AS	3,311,098	2%
Danske Invest Norge Vekst	2,962,962	1%
Skilling Systemer AS	2,850,000	1%
Møsbu AS	2,814,236	1%
Longfellow Invest AS	2,753,534	1%
Nore-Invest AS	2,450,659	1%
Grotmol Solutions AS	2,434,403	1%
Storlien Invest AS	2,432,000	1%
Spectatio Finans AS	2,287,877	1%
Other	69,337,000	35%
Total	**197,758,446**	**100%**

Shares held by management and the Board of Directors at the end of the reporting period is disclosed in note 7.1.

Shareholders in Airthings ASA at 31.12.2022	Total shares	Ownership/ Voting rights
Firda AS	34,780,124	20%
Verdipapirfondet KLP AksjeNorge	7,962,222	5%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,894,522	3%
Erlend Peter Johnsen Bolle	4,819,722	3%
Victoria India Fund AS	4,558,131	3%
Koki Yoshioka	4,166,650	2%
TIN World Tech	3,025,292	2%
Brownske Bevegelser AS	3,000,000	2%
Danske Invest Norge Vekst	2,962,962	2%
Bjørn Magne Sundal	2,900,000	2%
Skilling Systemer AS	2,900,000	2%
Møsbu AS	2,814,236	2%
Longfellow Invest AS	2,753,534	2%
Nore-Invest AS	2,450,659	1%
Grotmol Solutions AS	2,434,403	1%
Storlien Invest AS	2,432,000	1%
Verdipapirfondet Storebrand Norge	1,894,800	1%
Centra Invest AS	1,851,851	1%
Other	69,953,406	40%
Total	**171,816,437**	**100%**

Shares held by management and the Board of Directors at the end of the reporting period is disclosed in note 7.1.

6.8 Share-based payments

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the grant date using the Black-Scholes-Merton Model ("BSM"). The cost is recognized as an employee benefits expense, with a corresponding increase in equity (other capital reserves), over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest.

Vesting under the Group's option schemes is subject to employment by the Group (service condition). Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

Share option plans — description

Option scheme 2018

Each option grant vest as follows (subject to employment by the Group): 25% of the options are vested 12 months from the grant date, then 1/48 vest each month thereafter. Full vesting occurs after four years, and last possible exercise is 10 years from grant date.

Options scheme 2021 - 2023

Options granted prior to the Annual General Meeting in 2021 vest in tranches over four years. 25% of the options vest one year after the grant date and the remaining 75% of the options vest in monthly tranches over the next 36 months, subject to employment by the Group. The options can be exercised after they are fully vested until they expire 10 years after the grant date.

Options granted after the Annual General Meeting in 2021 vest with equal tranches with 25% each year starting one year after the grant date (subject to employment by the Group). The options can be exercised after they are fully vested until they expire 5 years after the grant date.

Share options held by members of the Board and management at the end of the reporting period are summarized in note 7.1.

USD 292 thousands was expensed as employee benefit expenses in the period (USD 364 thousands in 2022). The expected future social security tax on share-based payments is recorded as a liability and disclosed in note 3.5.

Change of strike price for employee share options

On the 20 February 2023 Airthings announced a change in strike price for employee share options. The Company adjusted the strike-price for all Aithings' employees' option agreements with a strike price above NOK 3.20. The total number of adjusted options was 5,736,232 and resulted in a total incremental cost to the Company of USD 110 thousands. The new strike price is NOK 3.20.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2023 WAEP (NOK)	2023 Number	2022 WAEP (NOK)	2022 Number
Outstanding options 1 January	3.92	9,046,832	3.35	9,876,257
Options granted	2.39	2,768,951	4.86	2,194,496
Options forfeited	3.23	-706,578	6.55	-667,049
Options exercised*	1.19	-905,000	1.38	-2,175,909
Options expired	3.61	-547,083	4.62	-180,963
Outstanding options 31 December		**9,657,122**		**9,046,832**
Vested and outstanding at 31 December		5,183,816		5,420,432

* The weighted average share price at the date of exercise of these options was NOK 1.19 in 2023, and NOK 1.38 in 2022.

The weighted average remaining contractual life for the options outstanding as at 31 December 2023 was 3.87 years (2022: 4.79 years).

The weighted average fair value of options granted during the year was NOK 0.73 (2022: NOK 1.51).

Overview of outstanding options at 31.12.2023:

	Exercise price (NOK)	Number of outstanding options	Weighted Average remaining contractual life	Number of options exercisable
	0.00 - 2.00	2,349,600	2.36	2,349,600
	2.00 - 4.00	7,191,892	4.34	2,740,832
	4.00 - 6.00	17,727	3.87	4,432
	6.00 - 8.00	80,000	6.65	80,000
	8.00 - 10.00	17,903	2.42	8,952
Outstanding options 31 December		**9,657,122**		**5,183,816**

Overview of outstanding options at 31.12.2022:

Exercise price (NOK)	Number of outstanding options	Weighted Average remaining contractual life	Number of options exercisable
0.00 - 2.00	3,254,600	3.93	3,254,600
2.00 - 4.00	3,427,230	5.76	1,490,691
4.00 - 6.00	187,275	5.69	39,200
6.00 - 8.00	269,609	6.87	143,448
8.00 - 10.00	1,546,717	3.60	380,352
10.00 - 12.00	182,977	4.74	25,610
12.00 -	178,424	7.90	86,531
Outstanding options 31 December	**9,046,832**		**5,420,432**

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the options, volatility and dividend yield and making assumptions about them. Due to limited historical data and liquidity these assumptions include significant estimates by management.

Assumptions used to determine fair value of option grants:

The following table list the inputs to the model used for the plans for the years ended 31 December 2023 and 31 December 2022, respectively:

	2023	2022
Weighted average fair values at the measurement date (NOK)	0.73	3.80
Dividend yield (%)	0%	0%
Expected volatility (%)	44.3%	42.5 %
Risk–free interest rate (%)	3.89%	3.30%
Expected life of share options (years)	2.50	2.50
Weighted average share price (NOK)	2.39	4.10
Weighted average exercise price (NOK)	2.37	5.05
Model used	BSM	BSM

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

6.9 Earnings per share

The following table reflects the income and share data used in the EPS calculations:

Profit or loss in USD	2023	2022
Profit or loss attributable to ordinary equity holders - for basic EPS	-6,257,752	-10,565,598
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-6,257,752	-10,565,598
Weighted average number of ordinary shares - for basic EPS	194,708,073	172,826,775
Weighted average number of ordinary shares adjusted for the effect of dilution	196,862,214	177,557,976
Basic EPS — profit or loss attributable to equity holders of the parent	-0.03	-0.06
Diluted EPS — profit or loss attributable to equity holders of the parent*	-0.03	-0.06

*The ordinary shares are not adjusted for the effect of dilution as the effect of including the additional shares is antidilutive.

6.10 Changes in liabilities arising from financing activities

Reconciliation of changes in liabilities incurred as a result of financing activities:

2023 (USD 1,000)	Note	01.01. 2023	Cash flow effect	Non-cash changes			31.12. 2023
				Addi-tions	Foreign exchange movement	Other changes	
Non-current interest-bearing liabilities	6.2	-	1,300	-	76	-	**1,376**
Lease liabilities	5.4	3,404	-883	-	108	159	**2,788**
Total liabilities from financing		**3,404**	**417**	**-**	**184**	**159**	**4,165**

2022 (USD 1,000)	Note	01.01. 2022	Cash flow effect	Non-cash changes			31.12. 2022
				Addi-tions	Foreign exchange movement	Other changes	
Lease liabilities	5.4	4,473	-898	-	-371	201	**3,404**
Total liabilities from financing		**4,473**	**-898**	**-**	**-371**	**201**	**3,404**

Section 7 — Other disclosures

7.1 Remuneration to Management and Board

Remuneration to the Board of Directors

Remuneration for the members of the Board is determined by the Annual General Meeting (AGM). The remuneration is not linked to the Group's performance but reflects the Board's responsibilities, expertise, time and commitment. Remuneration of the Board of Directors consist of a fixed annual fee, and was adopted by the General Meeting on 25 May 2023. Annual remuneration is USD 33 thousands for the Chairman and USD 19 thousands for Board Members, whereof 50% shall be paid out in advance and 50% in arrears. Employee representatives do not receive remuneration nor share options for board participation.

Remuneration to the management team

The Board of Airthings ASA has established guidelines for determining remuneration to the management team which was approved by the AGM in 2023. The Group's management team includes the Chief Executive Officer ("CEO"), the Chief Operating Officer ("COO"), the Chief Marketing Officer ("CMO"), the Chief Financial Officer ("CFO"), the SVP Airthings for Business, SVP Airthings for Consumer, and the Director of Human Resources ("Director of HR").

The remuneration for the executive management consists of fixed base salary ("FBS"), short term incentive ("STI") (cash component) and a long term incentive ("LTI") (equity component) retention scheme consisting of a share option program.

Fixed Base Salary (FBS)

FBS allows the Group to attract and recruit executives that are necessary for the long-term profitability and sustainability of the Group.

FBS shall reflect the individual's position and degree of responsibility. The size of the FBS shall reflect market rates at the relevant location. The FBS shall be competitive with relevant businesses within the industry, and shall take into account inter alia the scope and responsibility associated with the position, as well as the skills, experience and performance of senior executive. The FBS has no specified maximum level.

Short term incentive – Cash-component/Bonuses (STI)

The STI is determined 67% on achievement related to qualitative key performance indicators ("KPI's") set by the Board and 33% discretionary set by the Board. The STI shall be evaluated and documented on an annual basis. The maximum STI is limited to 40% of the CEOs FBS and 30% for other members of the executive team (excl. SVP, Airthings for Consumer and SVP, Airthings for Business). SVP, Airthings for Consumer and SVP, Airthings for Business have an agreement of sales bonus up to 30% of FBS. The criteria for bonus achievement are based on the sales teams' total budgets for the year.

Long term incentive – Equity component/Share option plan (LTI)

Members of the management team have been granted share options under the Group's share option plan, described in note 6.7. The share options held by the management team is summarized further below.

Pension

All members of the management team are part of the defined contribution pension scheme.

Loans and guarantees

No loans have been granted and no guarantees have been issued to members of the management team or any member of the Board of Director in the current or prior reporting period.

Remuneration to the management team for the year ended 31 December 2023:

USD 1,000 [1] Name	Title	Salary	Bonus	Pension	Other	Total
Øyvind Birkenes	CEO [2]	237	43	8	297	585
Magnus Navdal Bekkelund	Current CFO [3]	26	-	1	0	27
Jeremy Gerst	Former CFO [4]	158	38	8	1	206
Audhild Andersen Randa	COO	158	27	8	2	195
Millie Paakola	Current CMO [5]	46	-	4	1	51
Lauren Pedersen	Former CMO [6]	67	20	4	-	91
Anders Folleràs	SVP, Airthings for Consumer	153	6	8	2	168
Pål Berntsen	Former SVP, Airthings for Business [7]	42	6	4	1	52
Anita Øverbekk	HR Director [8]	165	-	-	-	165
Total		**1,051**	**140**	**46**	**304**	**1,540**

[1] Compensation is paid in NOK, with the USD equivalent determined based on the average exchange rate during the year.
[2] CEO resigned from the role as of 3 March 2024. The column "Other" includes severance pay which will be paid in a lump sum in May 2024.
[3] Compensation is only reflected for the period that the executive was a part of management which was from 1 November 2023.
[4] Compensation is only reflected for the period that the executive was a part of management which was until 31 October 2023.
[5] Compensation is only reflected for the period that the executive was a part of management which was from 1 July 2023.
[6] Compensation is only reflected for the period that the executive was a part of management which was until 30 June 2023
[7] Compensation is only reflected for the period that the executive was a part of management which was until 31 April 2023.
[8] Hired externally and invoiced monthly.

Remuneration to the management team for the year ended 31 December 2022:

USD 1,000 [1] Name	Title	Salary	Bonus	Pension	Other	Total
Øyvind Birkenes	CEO	231	69	8	125	433
Jeremy Gerst	Current CFO [2]	128	-	8	1	137
Magnus Navdal Bekkelund	Former CFO [3]	34	8	2	-	44
Audhild Andersen Randa	COO	141	26	8	1	176
Erlend Bolle	CTO	126	24	7	1	158
Lauren Pedersen	CMO	148	28	8	-	184
Anders Folleås	Current SVP, Airthings for Consumer [4]	72	-	4	1	77
Torje Carlsson	Former SVP, Airthings for Consumer [5]	69	8	4	1	82
Pål Berntsen	SVP, Airthings for Business	142	40	8	1	191
Anita Øverbekk	HR Director [6]	175	-	-	-	175
Total		**1,266**	**203**	**57**	**131**	**1,657**

[1] Compensation is paid in NOK, with the USD equivalent determined based on the average exchange rate during the year.
[2] Compensation is only reflected for the period that the executive was a part of management which was from 1 April 2022.
[3] Compensation is only reflected for the period that the executive was a part of management which was until 31 March 2022.
[4] Compensation is only reflected for the period that the executive was a part of management which was from 1 July 2022.
[5] Compensation is only reflected for the period that the executive was a part of management which was until 30 June 2022.
[6] Hired externally and invoiced monthly.

Remuneration to the Board of Directors for the year ended 31 December:

USD 1,000 [1] Name	Title	2023	2022
Geir Førre	Chairman	33	29
Aksel Lund Svindal	Board member	19	21
Liv Dyrnes	Board member	19	21
Emma Tryti	Board member [2]	19	23
Karin Berg	Board member	19	23
Niklas Norin	Board member - Employee representative [3]	-	-
Chloe Emma Waller	Board member - Employee representative [3]	-	-
Fredrik Thoresen	Former Board member [4]	9	10
Lars Boilesen	Former Board member [4]	9	21
Anlaug Underdal	Former Board member - Employee representative [5]	-	-
Tore Rismyhr	Former Board member - Employee representative [5]	-	-
Total compensation to Board of Directors		**128**	**146**

[1] Compensation is paid in NOK, with the USD equivalent determined based on the average exchange rate during the year.
[2] Resigned from the board as of 3 March 2024 to take on the role as CEO as of 4 March 2024.
[3] New board member from 2 January 2023.
[4] Board member until 31 May 2023
[5] Board member until 1 January 2023

Shares held by the management team:

Name	Title	31.12.2023	31.12.2022
Øyvind Birkenes	CEO [1]	3,124,114	3,124,114
Magnus Navdal Bekkelund	Current CFO [3]	7,500	N/A
Jeremy Gerst	Former CFO [4]	N/A	-
Audhild Andersen Randa	COO	32,500	32,500
Millie Paakola	Current CMO	-	-
Lauren Pedersen	Former CMO [4]	N/A	435,621
Anders Folleràs	SVP, Airthings for Consumer [2]	412,800	412,800
Torje Carlsson	Former SVP, Airthings for Consumer [4]	N/A	610,000
Anita Øverbekk	HR Director	-	-
Pål Berntsen	Former SVP, Airthings for Business [4]	N/A	530,200
Erlend Bolle	Former CTO [4]	N/A	4,819,722
Total		**3,576,914**	**9,964,957**

[1] Privately and through Longfellow Invest AS
[2] Privately and through Folleràs Holding AS
[3] Not in management team as of 31 December 2022, as such shares held at that date are not applicable
[4] Not in management team as of 31 December 2023, as such shares held at that date are not applicable

Shares held by the Board of Directors:

Name	Title	31.12.2023	31.12.2022
Geir Førre	Chairman of the Board [1]	57,213,289	34,780,120
Aksel Lund Svindal	Board member [2]	3,407,625	1,187,366
Liv Dyrnes	Board member	35,000	35,000
Emma Tryti	Board member [3]	340,000	-
Karin Berg	Board member	-	-
Niklas Norin	Board member - Employee representative [4, 5]	53,500	N/A
Chloe Emma Waller	Board member - Employee representative [5]	-	N/A
Fredrik Thoresen	Former Board member [6]	N/A	283,780
Lars Boilesen	Former Board member [6]	N/A	100,000
Anlaug Underdal	Former Board member - Employee representative [6]	N/A	56,000
Tore Rismyhr	Former Board member - Employee representative [6]	N/A	164,300
Total		**61,049,414**	**36,606,566**

[1] Through Firda AS.
[2] Through A Management AS.
[3] Through Leash AS.
[4] Through Leafcrest AS.
[5] Not in the Board of Directors as of 31 December 2022, as such shares held at that date are not applicable.
[6] Not in the Board of Directors as of 31 December 2023, as such shares held at that date are not applicable.

Share options held by the management team as at 31.12.2023:

Name	Title	Outstanding options	Strike price (NOK)	Remaining life (years)
Øyvind Birkenes	CEO [1]	2,336,600	0.51 - 3.20	1.66 - 4.50
Magnus Navdal Bekkelund	CFO [2]	113,009	2.31 - 3.20	3.85 - 4.50
Audhild Andersen Randa	COO [3]	442,000	2.31 - 3.20	2.82 - 4.50
Millie Paakola	CMO [4]	70,771	2.31 - 3.20	4.50 - 5.07
Anders Follerås	SVP, Airthings for Consumer [5]	362,000	1.45 - 3.20	3.07 - 4.92
Anita Øverbekk	HR Director [6]	225,000	2.31 - 3.20	3.07 - 4.50
Total		**3,549,380**		

[1] Share options awarded in 2023: 250,000 Share options exercised: 0
[2] Share options awarded in 2023: 31,155 Share options exercised: 0
[3] Share options awarded in 2023: 250,000 Share options exercised: 0
[4] Share options awarded in 2023: 40,000 Share options exercised: 0
[5] Share options awarded in 2023: 200,000 Share options exercised: 0
[6] Share options awarded in 2023: 150,000 Share options exercised: 0

Share options held by the management team as at 31.12.2022:

Name	Title	Outstanding options	Strike price (NOK)	Remaining life (years)
Øyvind Birkenes	CEO	2,086,600	0.51 - 8.56	2.66 - 6.01
Jeremy Gerst	CFO	292,000	3.69 - 10.00	3.75 - 4.50
Audhild Andersen Randa	COO	192,000	3.69 - 8.56	3.42 - 4.50
Erlend Bolle	CTO	118,000	3.69 - 8.56	3.42 - 4.50
Lauren Pedersen	CMO	345,000	3.36 - 8.56	3.42 - 7.10
Anders Folleršs	Current SVP, Airthings for Consumer	162,000	1.45 - 8.56	3.42 - 5.92
Pål Berntsen	SVP, Airthings for Business	601,200	1.45 - 8.56	3.42 - 6.00
Anita Øverbekk	HR Director	75,000	3.69 - 8.56	3.42 - 4.50
Total		**3,871,800**		

Share options held by the Board of Directors as at 31.12.2023:

Name	Title	Outstanding options	Strike price (NOK)	Remaining life (years)
Geir Førre	Chairman	-	-	-
Aksel Lund Svindal	Board member	100,000	3.36	5.25
Liv Dyrnes	Board member	-	-	-
Emma Tryti	Board member	-	-	-
Karin Berg	Board member	-	-	-
Niklas Norin	Employee representative	151,590	3.07	4.50 - 6.06
Chloe Emma Waller	Employee representative	180,444	2.70	3.22 - 4.50
Total		**432,034**		

Share options held by the Board of Directors as at 31.12.2022:

Name	Title	Outstanding options	Strike price (NOK)	Remaining life (years)
Geir Førre	Chairman	-	-	-
Aksel Lund Svindal	Board member	100,000	3.36	6.25
Liv Dyrnes	Board member	-	-	-
Lars Boilesen	Board member	-	-	-
Emma Tryti	Board member	-	-	-
Karin Berg	Board member	-	-	-
Anlaug Underdal	Employee representative	75,800	0.70 - 8.56	4.31
Tore Rismyhr	Employee representative	74,670	3.36 - 8.56	5.63
Total		**250,470**		

7.2 Related party transactions

Related parties are major shareholders, members of the Board and Management team in the parent company and the Group subsidiaries. Note 4.1 and 6.7 provides information about the Group structure, including details of the subsidiaries, and shareholders. Significant agreements and remuneration paid to management and the Board for the current and prior period are presented in note 7.1. Shares and share options held by the management team and the Board are also summarized in note 7.1.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following tables provide the total amount of transactions and balances with related parties (outside the Group) for the relevant financial periods:

Related party transactions in 2023 and balances at 31 December 2023 (USD 1,000)	Other Shareholders	Total
Income from related parties	333	**333**
Payments to related parties	100	**100**
Related party receivables	-	**0**

Related party transactions in 2022 and balances at 31 December 2022 (USD 1,000)	Other Shareholders	Total
Income from related parties	3,918	**3,918**
Payments to related parties	1,302	**1,302**
Related party receivables	1,503	**1,503**

Payments to related parties include consultant services from Firda AS which is the largest shareholder of the Group and owned by Geir Førre (Chair of the Board in Airthings ASA).

7.3 Events after the reporting period

Adjusting events

There have been no significant adjusting events subsequent to the reporting date.

Non-adjusting events

RCF

In 1Q 2023 Airthings secured a USD 8 million revolving credit facility (RCF) for a 1-year period with an annual renewal with Danske Bank. In January 2024, Airthings received credit approval for renewal of the RCF subject to documentation and closing procedures which is expected to be within March 2024. The size of the new facility will be reduced from USD 8 to 6 million, see note 6.2.

New CEO

Emma Tryti has taken over as CEO as of 4 March 2024. She has been granted 1,500,000 options with a strike price of 2.70.

Alternative performance measures

This section includes information about alternative performance measures (APMs) applied by the Group.

These alternative performance measures are presented to improve the ability of stakeholders to evaluate the Group's operating performance.

The Group applies the following APMs:

Annual recurring revenue (ARR)

ARR is the value of annualized sales from all active subscriptions, licenses and service contracts within the Airthings for Business and Professional segments. The calculation is based on monthly subscription fees as at 31 December (MRR), multiplied by 12 in order to represent an annualized figure. The numbers presented in the table below are translated from NOK to USD applying the average NOK/USD exchange rate for 2023 and 2022 respectively. ARR is considered an important supplemental measure for stakeholders to get an overall understanding of revenue generation within the Group's operating activities.

(USD 1,000)	2023	2022
MRR December	348	300
ARR	**4,175**	**3,602**

EBITDA

The Group's earnings before interest, tax, depreciation and amortization (EBITDA) is used to provide consistent information on Airthings' operating performance relative to other companies, and is frequently used by analysts, investors and other stakeholders when evaluating the financial performance of the Group. EBITDA, as defined by Airthings, includes total operating revenue and excludes depreciation, amortization and impairment loss. For a reconciliation of EBITDA, refer to the consolidated statement of profit or loss.

EBITDA (USD 1,000)	2023	2022
Revenue	36,592	35,424
EBITDA	**-6,832**	**-11,785**
EBITDA margin	**-19%**	**-33%**

Gross profit margin

Gross profit margin is defined as revenue less cost of goods sold as a percentage of total revenue. Management believes that this measure is important for the users of the financial statements to determine the profitability and the financial performance of the Group.

Gross profit margin (USD 1,000)	2023	2022
Revenue	36,592	35,424
Cost of goods sold	14,302	14,465
Gross profit	**22,290**	**20,959**
Gross profit margin	**61%**	**59%**

AIRTHINGS

Airthings ASA

Parent Company Financials

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Income statement

For the years ended 31 December			
Amounts in NOK 1,000	**Notes**	**2023**	**2022**
Revenues	2.1, 4.2	358,046	319,699
Total revenues		**358,046**	**319,699**
Cost of goods sold		149,295	142,174
Employee benefit expenses	2.2, 2.4	131,997	144,415
Other operating expenses	2.3, 2.4, 4.2	168,126	162,459
Operating profit or loss before depreciation and amortisation (EBITDA)		**-91,372**	**-129,349**
Depreciation and amortization	5.1, 5.2	13,066	25,274
Operating profit (loss) / EBIT		**-104,438**	**-154,623**
Finance income	2.5	7,441	12,890
Finance costs	2.5	1,887	69
Net financial items		**5,554**	**12,821**
Profit (loss) before tax		**-98,884**	**-141,802**
Tax expense	2.6	-20,953	-30,277
Profit (loss) for the year		**-77,931**	**-111,525**

Profit (loss) for the year is proposed allocated as follows:

To (from) other equity	-77,931	-111,525
Total allocated	**-77,931**	**-111,525**

Statement of financial position

Amounts in NOK 1,000	Notes	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	5.1	9,435	15,096
Intangible assets	5.1	36,717	23,989
Deferred tax asset	2.6	88,168	67,215
Property, plant and equipment	5.2	3,735	5,191
Investments in subsidiaries	4.1	1,669	1,367
Receivables group companies	4.2	47,323	67,215
Other non-current assets	3.2	1,026	1,232
Total non-current assets		**188,074**	**181,305**
Current assets			
Inventories	3.1	147,371	174,124
Trade receivables	3.2	85,506	72,926
Other receivables		52,544	40,515
Cash and cash equivalents	6.1	131,277	116,528
Total current assets		**416,699**	**404,093**
TOTAL ASSETS		**604,772**	**585,398**

Amounts in NOK 1,000	Notes	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	6.3	1,978	1,740
Treasury shares		0	0
Share premium		791,132	716,129
Other capital reserves		21,717	18,636
Other equity		-315,327	-234,514
Total equity		**499,499**	**501,991**
Non-current liabilities			
Non-current interest-bearing liabilities	3.2	14,000	0
Other non-current liabilities	3.2	1,098	1,232
Total non-current liabilities		**15,098**	**1,232**
Current liabilities			
Trade payables		34,842	33,555
Income tax payable		0	0
Other payables	3.3	9,579	10,187
Provisions	3.3	45,754	38,434
Total current liabilities		**90,175**	**82,176**
Total liabilities		**105,273**	**83,407**
TOTAL EQUITY AND LIABILITIES		**604,772**	**585,398**

Oslo, March 19, 2024

Geir Førre
Chairman of the Board

Aksel Lund Svindal
Board member

Karin Berg
Board member

Emma Tryti
CEO

Liv Dyrnes
Board member

Chloe Emma Waller
Board member

Niklas Copley Norin
Board member

Statement of cash flows

For the years ended 31 December			
Amounts in NOK 1,000	**Notes**	**2023**	**2022**
Cash flows from operating activities			
Profit (loss) before tax		**-98,884**	**-141,802**
Depreciation and amortization	5.1, 5.2	13,066	25,274
Share-based payment expense		3,081	3,499
Working capital adjustments:			
Changes in inventories	3.1	26,753	-79,454
Changes in trade receivables		-12,580	10,224
Changes in trade payable		1,287	-6,732
Changes in other liabilities and receivables		14,901	-36,509
Other items			
Tax paid			
Net cash flows from operating activities		**-52,377**	**-225,500**
Cash flows from investing activities			
Purchase of intangible assets and development expenditures	5.1	-17,691	-19,952
Purchase of property, plant and equipment	5.2	-987	-995
Net cash flow from investing activities		**-18,678**	**-20,946**
Cash flow from financing activities			
Proceeds from issuance of equity	6.3	72,358	3,006
Proceeds from sales of own shares		14,000	0
Repayment of borrowings		-554	0
Net cash flows from financing activities		**85,804**	**3,006**
Net increase/(decrease) in cash and cash equivalents		**14,750**	**-243,440**
Cash and cash equivalents at 1 January		116,528	359,968
Cash and cash equivalents at 31 December		**131,277**	**116,528**

Statement of changes in equity

Amounts in NOK 1,000	Share capital	Treasury shares	Share premium	Other capital reserves	Other Equity	Total
Equity 1 January 2022	**1,718**	**0**	**713,145**	**15,137**	**-122,989**	**607,012**
Capital increase February	6		1,013			1,018
Capital increase May	5		511			515
Capital increase July	2		188			190
Capital increase October	10		1,273			1,282
Share based payment				3,499		3,499
Result for the year					-111,525	-111,525
Equity 31 December 2022	**1,740**	**0**	**716,129**	**18,636**	**-234,514**	**501,991**
Equity 1 January 2023	**1,740**	**0**	**716,129**	**18,636**	**-234,514**	**501,991**
Capital increase February	234		74,766			75,000
Capital increase November	3		237			240
Transaction cost share issues					-2,882	-2,882
Share based payment				3,081		3,081
Result for the year					-77,931	-77,931
Equity 31 December 2023	**1,978**	**0**	**791,132**	**21,717**	**-315,327**	**499,499**

Section 1 — General information and accounting policies

1.1 Corporate information

Airthings ASA ('the Company') is a publicly listed company on Oslo Stock Exchange, with the ticker symbol AIRX. Airthings ASA is incorporated and domiciled in Norway.

The Company's principal offices are located at Wergelandsveien 7, 0167 Oslo, Norway. The Company´s financial statements for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 19 March 2024.

Airthings has been granted exemption from the Norwegian Tax Authority to publish its Annual Report in English only.

The Company, as used in these financial statements, is the Parent Company under the Consolidated Financial Statements also included in this Annual Report.

1.2 Basis of preparation

Airthings financial statements have been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles (NGAAP). The functional and presentation currency of the parent company is Norwegian krone ("NOK").

Going Concern

The annual accounts have been prepared based on the going concern assumption in accordance with section 3-3a of the Norwegian Accounting Act. This is based on the Group's plans, budgets and level of activity going forward.

1.3 General accounting principles

Airthings has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. A summary of the Company's general accounting are presented below:

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

1.5 Revenue

Income from sale of goods and services are recognized at fair value, net after deduction of VAT, returns, discounts and reductions.

Revenue from sale of goods

Revenue from sale of goods are recognized in the income statement when both risk and control have passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Normally this will be when the goods are delivered to the customer. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

Revenue from sale of software as a service (SaaS)

The Company also has revenue from license fees, which are SaaS contracts consisting of a software licensing model where software is licensed on a subscription basis and centralized on Airthings platform. Revenue from SaaS arrangements, where the customer cannot take possession of the software license and where the software license cannot be separated from its related hosting services are considered as "right to access" licenses and revenue is recognized over time (i.e. the subscription period).

1.6 Share-based payments

Airthings has a share-based payment program where all employees are granted share options when they commence in their position.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (the Black-Scholes-Merton Model).

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

1.7 Pensions

The Company has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The scheme is a defined contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

1.8 Goodwill

Recognized goodwill in the Company is derived from the merger with Airtight in 2021. Goodwill is depreciated over five years. In addition, goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

1.9 Intangible assets

Expenditure on own Research and Development are expensed as and when they incur. Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are amortized linearly over the asset's expected useful life.

1.10 Fixed assets

Property, plant and equipment ("PP&E") are capitalised and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. Maintenance of operating equipment is expensed on an ongoing basis. Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated.

Costs related to leases of fixed assets are expensed over the lease period. Prepayments are reflected in the balance sheet as a prepaid expense, and are distributed over the rental period.

1.11 Impairment of intangible and fixed assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

1.12 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Sensors and components: Sensors and other critical items that are utilized in production. Purchase cost on a first-in/ first-out basis (FIFO)
- Finished goods: Stock keeping units. Cost of direct materials, direct wages, packaging and a proportion of manufacturing overheads based on the normal operating capacity

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.13 Investments in Subsidiaries

Investments in subsidiaries are valued at cost in the Company's financial statements. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with the generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

1.14 Receivables

Trade receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

1.15 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities have been recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax losses can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.16 Provisions

Provision for warranties and service work for completed projects /sales is recorded at the expected cost of such work. The estimate is based on historical figures for service and warranty repairs. The amount is recorded under other current liabilities and is recognized in the income statement on a straight-line basis over the warranty and service period.

1.17 Foreign currencies

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary assets, receivables and liabilities are translated at the exchange rate on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period. Foreign currency gains or losses are reported as foreign exchange gain or foreign exchange loss in finance income or finance costs.

Section 2 — Profit or loss items

2.1 Revenue

Revenue (NOK 1,000)	2023	2022
Revenues from sale of goods (hardware)	332,705	302,537
Revenues from services performed (software)	25,342	17,162
Total	**358,046**	**319,699**

Geographical distribution (NOK 1,000)	2023	2022
EMEA	86,480	99,107
North America (USA and Canada)	271,566	220,593
Total	**358,046**	**319,699**

2.2 Employee benefit expenses, remuneration to Corporate Management, Board of Directors and Auditors

Salaries and personnel expenses (NOK 1,000)	2023	2022
Salaries/wages	113,700	127,727
Non-cash share based payment	2,782	3,280
Social security fees	18,068	16,967
Pension expenses	5,782	5,665
Other benefits	3,189	2,840
Skattefunn and Innovation Norway	-1,558	-2,375
Capitalized personnel cost	-9,965	-9,687
Total	**131,997**	**144,415**

Average numbers of full-time equivalents	**115**	**107**

Pension obligations

Airthings ASA has a pension scheme that meets the requirements set out in the Obligatory occupational pension Act. At 31 December 2023, Airthings ASA's pension scheme had 121 members

(2022: 117 members). The cost of pension is specified in the above table.

Share-based payment

For information about share-based payment plans, see note 6.8 to the consolidation financial statements.

Remuneration of Corporate Management and Board of Directors

Information about remuneration of the Board of Directors and the executive management is included in Note 7.1 to the consolidation financial statements. For information about share-based payment plans, see Note 6.8 to the consolidation financial statements.

Remuneration of auditors (NOK 1,000)	2023	2022
Statutory audit	1,520	1,127
Tax advisory and other services	96	580
Total remuneration to auditors	**1,617**	**1,707**

2.3 Other operating expenses

Lease

Lease object (NOK 1,000)	Expiration of agreement	Annual lease
Office space in Oslo	31.05.2027	8,354
Office space in Bergen	30.06.2026	216
Lease of office equipment	31.11.2022	8
Total		**8,578**

2.4 Government grants

Grant from Innovation Norway

In 2023, Airthings ASA received funds from Innovation Norway related to a R&D project with final reporting 31 March 2025. A maximum grant of 17 MNOK and a growth loan of maximum 24 MNOK were awarded to the Company. The Company received 5.1 MNOK of the grant and 14 MNOK of the growth loan in a first instalment of the funding. The grant related to expenses is presented on an net basis as a cost reduction. The grants related to an asset recognised as a reduction of the asset.

SkatteFUNN

In 2023, Airthings ASA received a three-year SkatteFUNN grant from the Norwegian Research Council (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry). SkatteFUNN related to expenses is presented on a net basis as a cost reduction. The grants related to an asset recognised as a reduction of the asset.

Government grants in the income statement:

Grants (NOK 1,000)	Line item	2023	2022
Grant from Innovation Norway	Other operating expenses	1,262	0
Grant from SkatteFUNN	Employee benefit expenses	1,558	2,375
Grant from SkatteFUNN	Other operating expenses	554	2,375
Total government grants recognized		**3,374**	**4,750**

Government grants in the statement of financial position:

Grants (NOK 1,000)	Line item	2023	2022
Grant from Innovation Norway	Other current liabilities	-2,877	0
Grant from SkatteFUNN	Other receivables	4,750	4,750

2.5 Finance income and cost

Finance income (NOK 1,000)	Notes	2023	2022
Interest income from group entities	3.2, 4.2	0	1,978
Other interest income		4,146	2,513
Foreign exchange gain		3,295	8,399
Total finance income		**7,441**	**12,890**

Finance costs (NOK 1,000)		2023	2022
Other interest expenses		12	69
Other financial expenses		1,321	1
Interest on loan from Innovation Norway	3.2	554	0
Total finance costs		**1,887**	**69**

Foreign exchange (NOK 1,000)	2023	2022
Foreign exchange gain	35,512	35,616
Foreign exchange loss	32,217	27,216
Net foreign exchange gain (loss)	**3,295**	**8,399**

2.6 Income tax

This year's tax expense (NOK 1,000)	2023	2022
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Prior period adjustment	0	0
Change in deferred tax assets	-20,953	-30,277
Tax expense on ordinary profit/loss	**-20,953**	**-30,277**

Taxable income (NOK 1,000)	2023	2022
Ordinary result before tax	-98,884	-141,802
Permanent differences	-2,019	-1,480
Change in temporary differences	16,329	19,618
Taxable income	**-84,574**	**-123,664**

Payable tax in the balance (NOK 1,000)	2023	2022
Payable tax on this years' result	0	0
Tax on reversed losses	0	0
Total payable tax in the balance	**0**	**0**

The tax effect of temporary differences and loss carried forward that has formed the basis for deferred tax and deferred tax assets, specified on types of temporary differences

Temporary differences (NOK 1,000)	2023	2022	Difference
Tangible assets	8,086	14,631	6,546
Inventory	-312	0	312
Receivables	-4,434	-2,658	1,776
Provisions	-7,696	0	7,696
Total	**-4,356**	**11,974**	**16,329**
Accumulated loss to be carried forward	-386,973	-302,399	84,574
Tax effects as part of merger	9 435	15,096	5,661
Basis for deferred tax assets	-400,764	-305,522	95,242
Deferred tax assets (22%)	**-88,168**	**-67,215**	**20,953**

Section 3 — Balance sheet items

3.1 Inventories

Inventory (NOK 1,000)	2023	2022
Finished goods	80,410	119,057
Sensors and components	66,961	55,067
Acquisition cost 31 December	**147,371**	**174,124**
Inventories valued at purchase cost	147,683	119,057
Inventories valued at net realisable value	147,371	119,057
Write-down for obsolescence	**312**	**0**

In 2023, it was booked an allowance for obsolete inventory of finished goods of NOK 312 thousands.

In 2022, there was a write down of finished goods of NOK 2,144 thousands related to the derecognition of the Airtight technology.

There were no write down of components in 2023 and 2022.

3.2 Receivables, interest-bearing liabilities, pledged assets and guarantees etc.

Receivables which fall due later than one year after the expiry of the financial year (NOK 1,000)	2023	2022
Inter company receivables	47,323	67,215
Employers provisions related to share based compensation	1,098	1,232
Other receivables to employees		13
Total	**48,421**	**68,460**

Long-term interest-bearing liabilities and debt secured by collateral (NOK 1,000)	2022	2022
Long- term interest-bearing liabilities secured by collateral- maturity 1-5 years	9,100	0
Long- term interest-bearing liabilities secured by collateral- maturity more than 5 years	4,900	0
Total	**14,000**	**0**

Book value of pledged assets (NOK 1,000)	2023	2022
Property, plant and equipment	3,735	5,191
Inventories	147,371	174,124
Trade receivables	85,506	72,926
Total	**236,613**	**252,241**

Pledged amount (NOK 1,000)	2023	2022
Pledge on inventories	124,000	10,000
Pledge on operating assets	124,000	10,000
Pledge on trade receivables	124,000	10,000
Total	**372,000**	**30,000**

Covenants

For information about covenants, see note 6.2 to the consolidation financial statements.

3.3 Other payables and other current liabilities

Other payables (NOK 1,000)	2023	2022
Public duty payable	9,579	10,187
Total	**9,579**	**10,187**

Other current liabilities (NOK 1,000)	2023	2022
Wages and holiday pay (included tax)	17,534	17,425
Other provisions	13,443	11,804
Accrued revenue	14,776	9,204
Total	**45,754**	**38,434**

Total other payables and other current liabilities	**55,333**	**48,620**

Section 4 — Related parties

4.1 Subsidiaries

Investments in subsidiaries are booked according to the cost method.

Company	Location	Ownership/ voting rights	Currency	Equity per 1.1.	Annual net profit/loss	Equity per 31.12.
Airthings America INC	USA	100%	USD	-337,546	172,725	-164,821
Airthings AB	Sweden	100%	SEK	1,507,016	1,095,832	2,602,848

Book value of investment in balance sheet of Airthings ASA	Amount (NOK 1,000)
Airthings America INC	1,372
Airthings AB	297
Total	**1,669**

4.2 Related parties

Receivables on subsidiary Airthings America INC (NOK 1,000)	2023	2022
Receivables on Airthings America INC	36,623	61,060
Receivables on Airthings AB	10,700	6,155
Total	**47,323**	**67,215**

Transactions with subsidiary Airthings America INC (NOK 1,000)	2023	2022
Sale of goods to Airthings America INC	93,232	77,464
Sale of goods to Airthings AB	18,471	8,661
Purchase of services and cost allocation from Arthings America INC	7,273	13,021
Purchase of services and cost allocation from Arthings AB	4,278	5,831
Interest Arthings America INC	0	1,900
Interest Arthings AB	0	77

Transactions with shareholders (NOK 1,000)	2023	2022
Rent of premises from Energy Control AS	233	216
Other fees invoiced from Energy Control AS	0	22
Sale of goods to Energy Control AS	3,517	2,516
Fees invoiced from Firda AS	848	208

Section 5 — Fixed assets

5.1 Intangible assets

Amounts in NOK 1,000	Goodwill	Internally generated intangible assets	Software and systems	Technology	Total
Acquisition cost as at 1 January 2023	26,419	11,316	**11,317**	**23,487**	**72,540**
Additions	-	16,681	984	25	17,691
Transfer of finished develop-ment projects	-	-2,789	-	2,789	-
Disposals	-	-	-	-	-
Acquisition cost as at 31 December 2023	**26,419**	**25,209**	**12,302**	**26,301**	**90,230**
Accumulated depreciations as at 31 December 2023	16,984	-	8,561	18,534	44,078
Net book value as at 31 December 2023	**9,435**	**25,209**	**3,741**	**7,767**	**46,153**
Depreciation in the year	5,661	-	3,104	1,878	10,643
Write-down in the year	-	-	-	-	-
Depreciation rate (%)	20%		20%	33%-20%	
Depreciation plan	Linear		Linear	Linear	
Economic useful life	5 Years		5 Years	3-5 Years	

5.2 Property plant and equipment

Amounts in NOK 1,000	Property, plant and equipment	Total
Acquisition cost as at 1 January 2023	**11,367**	**11,367**
Additions	968	968
Disposals		
Acquisition cost as at 31 December 2023	**12,335**	**12,335**
Accumulated depreciations as at 31 December 2023	8,600	8,600
Net book value as at 31 December 2023	**3,735**	**3,735**
Depreciation in the year	2,424	2,424
Depreciation rate (%)	33% — 20%	
Depreciation plan	Linear	
Economic useful life	3 — 5 years	

Section 6 — Financial instruments and equity

6.1 Cash and cash equivalents

Restricted cash (NOK 1,000)	2023	2022
Restricted tax deductions	4,648	5,670
Restricted cash	5,688	5,667
Other restricted funds	0	1,400

Other restricted funds in 2022 was a guarantee related to a credit agreement with DNB Mastercard.

6.2 Financial risk management

Overview

The parent company is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Company seeks to minimize potential adverse effects of such risks through sound business practice and risk management.

Market risk

Financial instruments affected by market risk include interest-bearing debt, cash and cash equivalents, trade receivables and trade and other payables.

Interest rate risk

The Company's exposure to the risk of changes in interest rates relates primarily to the growth loan from Innovation Norway. The Company has no other interest-bearing debt, and management therefore considers the interest rate risk to be low.

Foreign currency risk

The Company's exposure to the risk of fluctuations in foreign exchange rates relates primarily to it's operating activities (trade receivables, cash and trade payables denominated in a foreign currency). A significant part of revenues is denominated in USD, with a small portion incurred in NOK, EUR, CAD and GBP. Most of its operating expenses are incurred in NOK. The Company does not currently hedge currency exposure with the use of financial instruments but monitors the net exposure over time.

Geopolitical risks

War in Ukraine — the ongoing war does not currently impact the Company directly, as it has no operating presence in either Russia, Belarus or Ukraine. Indirect effects however, such as financial market volatility, sanctions related knock-on effects, general economic market conditions and other future responses of international governments, might have an impact on the Group's financial results and financial position. The Company's management continues to monitor the situation and has an ongoing assessment of potential impact on the Company's financial results and financial position.

War in Israel/Gaza – the ongoing war in Israel/Gaza is not currently impacting the Company, despite the Company having limited production in Israel. The Company's contract manufacturer for one product is located near Tel Aviv and therefore not in direct proximity to the ongoing armed conflict. The Company's exposure is very limited, but management continues to monitor the situation and has an ongoing assessment of potential impact on the Company's financial results and financial position.

Credit risk

The Company is mainly exposed to credit risk from its operating activities. The risk is minimized through close connection with the Company's largest customers and monitoring of receivable balances on an ongoing basis. The Company's losses have historically been low. However, the increased operations of the Company's outside the US and home market exposes the Company to different credit risk environments. The Board of Directors deems credit risk to be at an acceptable level given the current operational circumstances and outlook of the Company.

Liquidity risk

The Company may potentially encounter difficulties in meeting obligations associated with financial liabilities that are settled by provision of cash or another financial asset. The Company supervises its risk by monitoring its working capital, and overdue trade receivables. The Company's cash position has weakened since 2021. To improve the cash situation the Company has intensified its focus on optimizing business operations and reducing inventories. This effort includes promotional activities to increase sales and along with cost-saving initiatives.

To further improve its liquidity position, the Company entered into a USD 8 million revolving credit facility with Danske Bank in 1Q 2023. In January 2024, the Company received credit approval for renewal of the RCF subject to documentation and closing procedures which is expected to be within March 2024. The size of the new facility will be reduced from USD 8 to 6 million. The Company also raised NOK 75 million in gross proceeds through a private placement of 23,437,500 shares in 1Q 2023. In addition, the Company secured funding from Innovation Norway in the form of a grant NOK 17 million and a loan of NOK 24 million. NOK 5.1 million of the grant and NOK 14 million of the loan were paid out to the Company in 2Q 2023. The liquidity risk is hence considered to be at a reasonable level.

6.3 Share capital and shareholders information

The share capital of Airthings ASA as of 31 December 2023 was NOK 1,977,584.46 consisting of 197,758,446 ordinary shares at NOK 0.1 per share. The Company's shares have equal voting rights. For information of shareholder see Note 6.7 the consolidated financial statements.

Section 7 — Other disclosures

7.1 Events after the reporting period

Adjusting events

There have been no significant adjusting events subsequent to the reporting date.

Non-adjusting events

RCF

In 1Q 2023 Airthings secured a USD 8 million revolving credit facility (RCF) for a 1-year period with an annual renewal with Danske Bank. In January 2024, Airthings received credit approval for renewal of the RCF subject to documentation and closing procedures which is expected to be within March 2024. The size of the new facility will be reduced from USD 8 to 6 million.

New CEO

Emma Tryti has taken over as CEO as of 4 March 2024. She has been granted 1,500,000 options with a strike price of 2.70.

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Independent Auditor's Report

To the Annual Shareholders meeting of Airthings ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Airthings ASA.

The financial statements comprise:	In our opinion:
• The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income , statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements comply with applicable statutory requirements, • The accompanying 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. • The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Airthings ASA for 8 years from the election by the general meeting of the shareholders on 5 December 2016 for the accounting year 2016.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How the key audit matter was addressed in the audit
Inventory valuation and existences As at 31 December 2023, the Group has recognized inventories of USD 15.3 million net of allowance for obsolete finished goods of USD 31 thousands. As described in note 3.1 to the financial statements, inventories are carried at the lower of cost and net realizable value. We identified inventory as a key audit matter due to its materiality and the risk of misstatement associated with the valuation and existence of inventory.	Our audit included, but was not limited to, the following procedures: • We obtained an understanding of the company's inventory policies and procedures, including the methods used to value inventory and the company's system for tracking and monitoring inventory. • We performed physical inventory observations at selected locations and compared the results to the inventory records to evaluate the completeness and accuracy of the company's inventory counts. • We tested the company's inventory controls, including its procedures for receiving, storing, and shipping inventory. • We performed substantive audit procedures in order to test the adequacy of inventory valuation at the lower of cost and net realizable value at reporting date.
Recognition and recoverability of deferred tax assets As at 31 December 2023, the Group has recognized deferred tax assets of USD 8.8 million. In note 2.8 to the financial statements, the Group describes that deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which tax losses can be utilized. We identified deferred tax assets as a key audit matter due to its materiality, and the significant judgments and underlying assumptions applied by the management in determining the recoverability of deferred tax assets.	Our audit included, but was not limited to, the following procedures: • We obtained an understanding of the Group’s processes relating to the calculation and valuation of deferred taxes • We evaluated the Group’s forecasts of future taxable profit and assessed the reasonableness of the assumptions used. • We reviewed the Group's analysis of the recoverability of deferred tax assets and evaluated the likelihood of realization. We assessed the adequacy of the disclosures related to deferred tax assets, including the description of the underlying assumptions and judgments made by management.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other 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 other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

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

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

Our opinion on the Board of Director's report applies correspondingly for the statement on Corporate Governance.

Responsibilities of the Board of Directors and the Managing Director 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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

Report on compliance with requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Airthings ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Airthings ASA 2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

BDO AS

Børre Skisland
State Authorised Public Accountant
(This document is signed electronically)

"By my signature I confirm all dates and content in this document."

Børre Skisland
State Authorized Public Accountant
On behalf of: BDO AS
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