



4Q and full year  
***report 2023***

# Key highlights

1

Key new product launches including

## **Airthings Renew smart air purifier**

entering Airthings in the direct IAQ mitigation space enabling new revenue streams from new use cases

2

Direct-to-consumer channel

## **Airthings.com +100%**

year-on-year revenue growth in 4Q23 representing 17% of consumer revenue

3

Airthings 3.0

## **Path to profitability**

with revenue +6%, gross margin +3%-points and opex down 12% in 2Q, 3Q & 4Q 2023, compared to the same period in 2022

4

Airthings 3.0 execution

## **Stabilizing cash position**

supported by reduced inventories despite cyclical fluctuations in other working capital factors

5

4Q sales revenue of

## **USD 10.3m**

up 9% year-on-year and 2% from 3Q23, the highest revenue quarter since 4Q21

6

4Q sales gross profit of

## **USD 6.5m**

gross profit margin of 63% compared to 59% in 4Q22

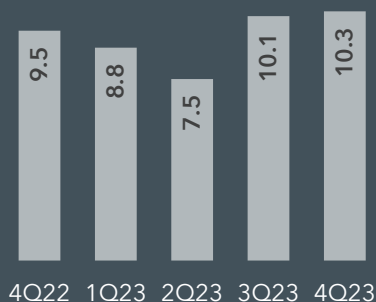
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Total ARR reached

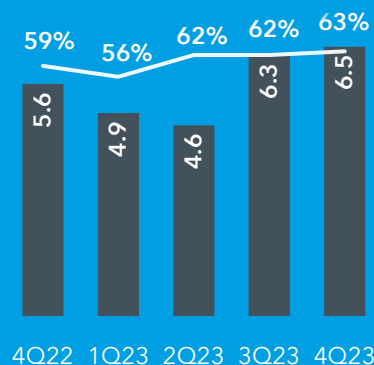
## **USD 4.2m**

up 16% year-on-year, with Airthings for business ARR up 24% from 4Q22

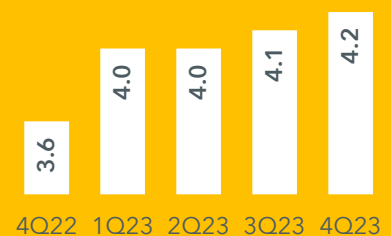
**GROUP SALES REVENUE (USDm)**



**SALES GROSS PROFIT (USDm)**



**ANNUAL RECURRING REVENUE (USDm)**



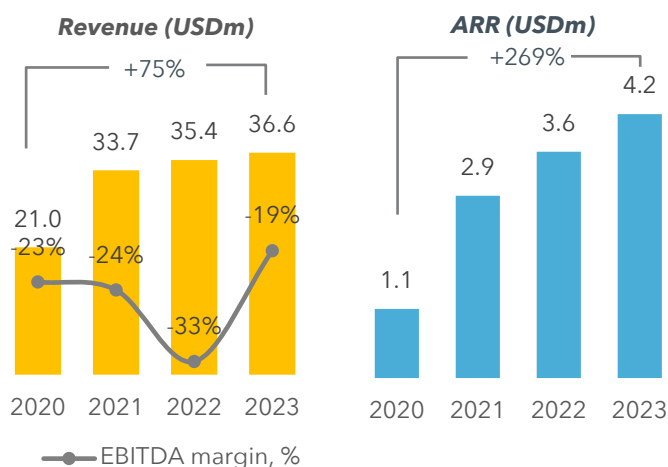


# Airthings at a glance

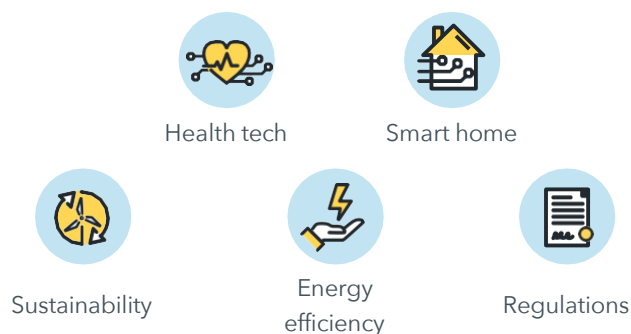
**A hardware-enabled software company solving real issues**

- Global leader in indoor air quality solutions
- Serving consumers, businesses, and professionals
- Empowering the world to breathe better

## Robust growth



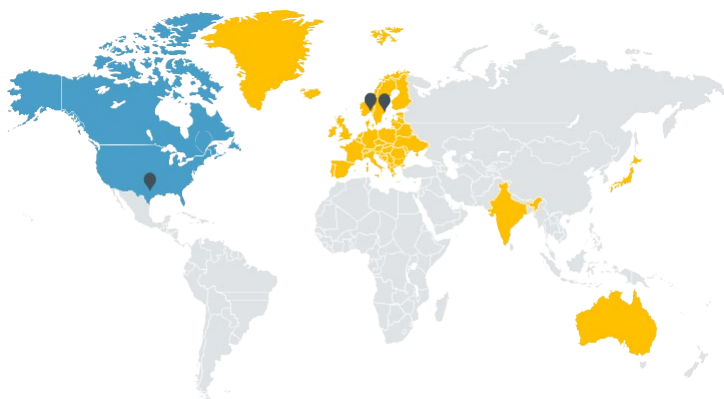
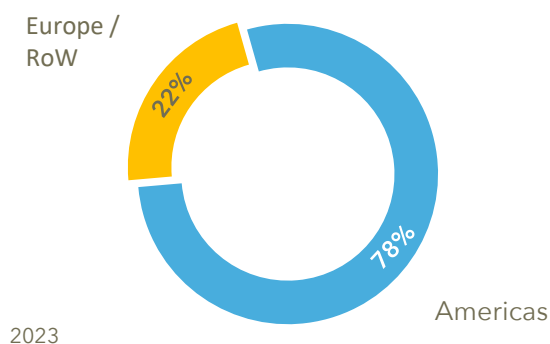
## Supported by lasting factors & megatrends



## Delivering elegant products and actionable insights



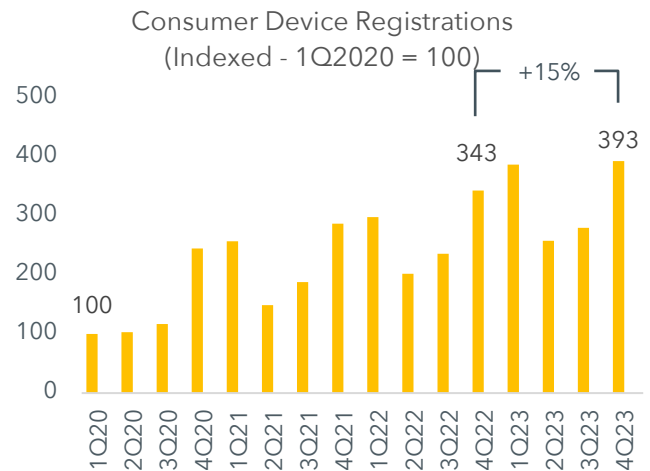
## International presence



# Operational review

## Revenue and margin development

Airthings reported revenue of USD 10.3 million in 4Q23, up 9% year-on-year and up 2% from 3Q23. This is the highest quarterly revenue since 4Q21 when demand was supported by the Covid-19 pandemic. Revenue for the full year 2023 aggregated to USD 36.6 million, up 3% compared to 2022 despite challenging market conditions. Airthings has in 2023 implemented a more streamlined operating model focused on strengthening gross margins and growing revenues more than operating costs. This work is bearing fruit.

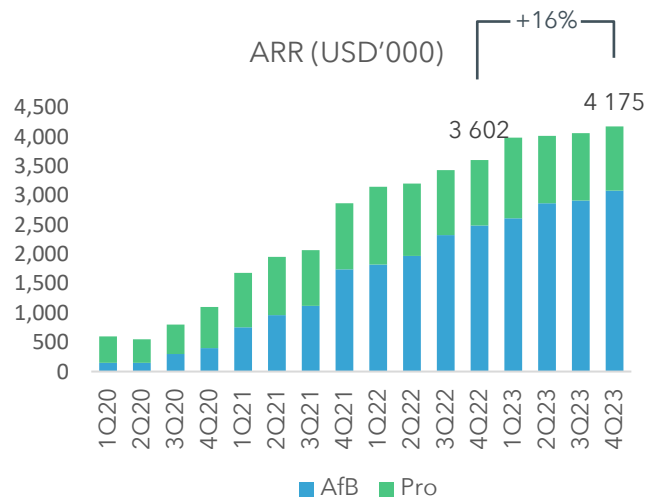


The EBITDA-loss in 4Q23 was USD 1.0 million (-9% margin) compared to a loss of USD 2.8 million in 4Q22 (-29% margin). For the full year 2023, the EBITDA-loss amounted to USD 6.8 million (-19% margin), compared to a loss of USD 11.8 million in 2022 (-33% margin).

In the quarter, revenue from the Consumer segment ended up 14% year-on-year and up 9% since 3Q23, particularly supported by robust performance on Airthings.com and continued promotional activities. End-customer demand remains healthy and new device registrations for connected products increased by 15% year-on-year in 4Q23 and by 22% for the full year.

Revenue from Airthings for Business came in at USD 2.9 million in 4Q23, up 1% from 4Q22 and down 8% from the previous quarter. Revenue for the full year amounted to USD 9.7 million, down 6% from 2022. The number devices in the field increased by 36% year-on-year in 4Q23 and by 9% since 3Q23.

Annual Recurring Revenue (ARR) came in at USD 4.2 million in 4Q23, representing 16% growth year-on-year and in line with the guided range of USD 4.1 - 4.4 million. ARR from AfB reached USD 3.1 million, up 24% compared to 4Q22. The gross margin from ARR revenue remains >80%.





Gross profit ended at USD 6.5 million in 4Q23, with a gross margin of 63% compared to 59% in 4Q22 and 62% in 3Q23. For the full year 2023, gross profit amounted to USD 22.3 million with the gross margin improving to 61% from 59% in 2022. This mainly reflects margin expansion in Airthings for Business.

Operating costs amounted to USD 7.5 million in 4Q23, down 10% year-on-year, whereas operating costs for the full year declined by 11% to USD 29.1 million, supported by favorable currency effects.

### **Product launches**

As part of its revised strategy, Airthings is reinforcing its product focus with the aim to enhance the software experience, strengthen the value proposition of multi-room monitoring, and build an increasingly valuable customer journey.

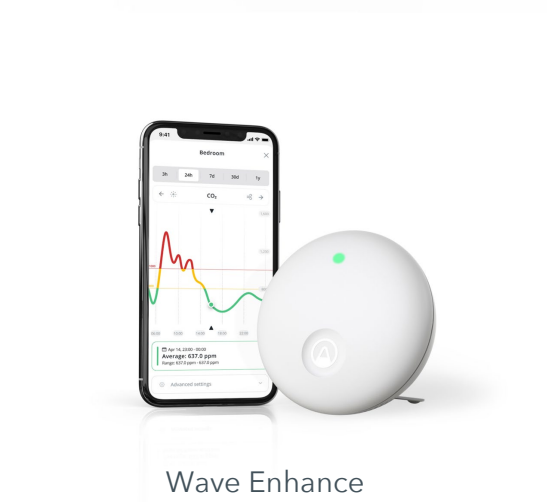
At CES2024 Airthings launched Airthings Renew, its first air purifier and direct mitigation solution. The launch received critical acclaim and represents an opportunity for Airthings to leverage its domain expertise within IAQ to develop an elegant and world-class solution to the critical issue of particular matter (PM). By syncing with the Airthings app, users can both view air quality trends and cleanse the indoor air at home or in the office from anywhere, giving them greater control over the air they breathe.

Airthings also introduced the new Wave Enhance at CES, a new compact and battery-operated indoor air quality monitor that is ideal for bedrooms and home offices featuring five indoor air quality sensors, including a high-precision CO2 sensor and sensors for airborne chemicals (VOCs), temperature, humidity, and air pressure.

Further, the company launched several new products for Airthings for Business during the final quarter of 2023. These launches will enable new insights and use cases for the product portfolio, expanding the revenue growth potential for the company

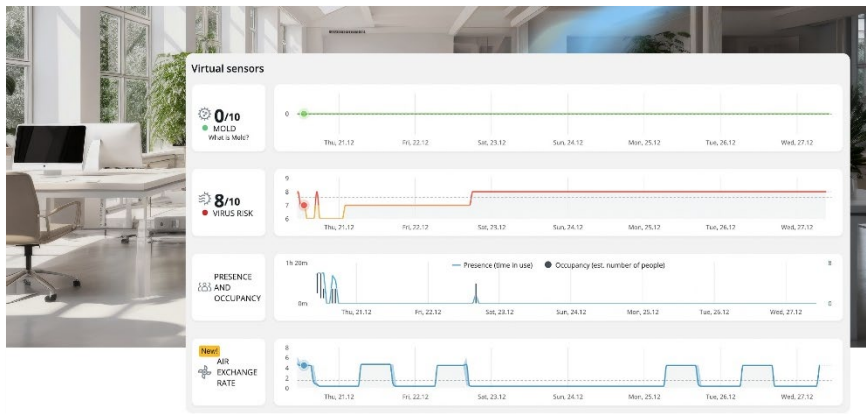


Airthings Renew



Wave Enhance

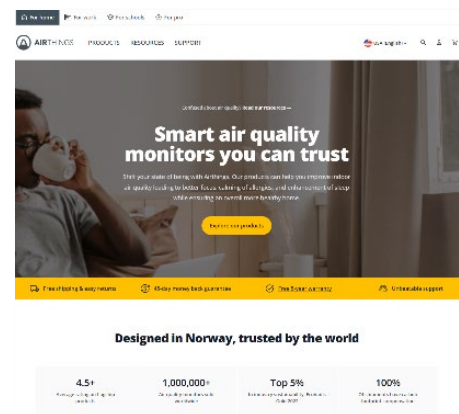
These launches include the Space Nano, the most compact, resilient, and cost-effective way to monitor hard-to-reach and unoccupied spaces buildings, such as behind walls, in-duct, or in storage areas and basements. The device has up to 20 years battery life and is ideal to safeguard unoccupied but essential spaces. Further, the company launched the Ventilation Rate sensor, a highly differentiated virtual sensor to provide accurate estimates of the air exchange rate in any room. In addition, Airthings also launched a BacNet solution with Weble to control HVAC in existing buildings with Airthings sensors.



Ventilation Rate

## Marketing

As part of the roll-out of the Airthings 3.0 strategy, the company is sharpening its focus on performance marketing. This is already increasing sales in the direct-to-consumer channel as well as improving unit economics. In 4Q23, user conversion rates and total orders have increased significantly and traffic to the website more than tripled year-on-year, while decreasing cost of acquisition indicating substantial performance optimization.



Successful promotional activities remained key to drive revenue growth also in 4Q23. The company's promotional strategy including high-velocity events and seasonal campaigns drove qualified traffic during Amazon's Fall Prime Day in October and Black Friday and Cyber Monday in November. Promotions during Black Friday week yielded 136% revenue increase compared to the same week in 2022.

Other marketing activities in the quarter included expansion of the dedicated Amazon team, both internally and at Amazon, with brand specialists and advertising account managers. Airthings also introduced new campaign types such as sponsored display and sponsored ad videos to reach new audiences while maintaining strong return on lower funnel campaigns.

## Outlook and guidance

Airthings reported revenue of USD 10.3 million in 4Q23, which fell within the USD 9.0 – 12.0 million range guided in the third quarter release.

USDm	Revenue and ARR Guidance 1Q24
Revenue	9.0 - 11.0
ARR	4.2 - 4.5

Revenue in 1Q24 is expected to end in the range of USD 9.0 – 11.0 million, corresponding to a year-on-year growth of 3 - 26%. ARR is expected to increase to USD 4.2 – 4.5 million at the end of 1Q24.

Airthings is increasingly seeing results of its strategic pivot to a selective go-to-market strategy, holistic product focus, and an improved operating model. During 2023, Airthings has reported both revenue growth, improved gross margin, and reduced operating costs and inventories. In the beginning of 2024, Airthings for Business increased prices for both hardware and software services in response to the current market conditions, which is expected to boost revenue growth. Supported by several new product launches in both Airthings for Business and the consumer segment, the company is well positioned to deliver growth going forward.

Airthings is consequently on a clearer path to profitability compared to where the company was a year ago, with significantly lower cash burn and a largely stabilized cash position. Inventory levels remain elevated and further achieved reductions will come over time and be a source of capital going forward. With a lower cash burn, a quicker path to profitability and reduced net working capital, the company's operational plans are expected to be fully funded through to break-even.

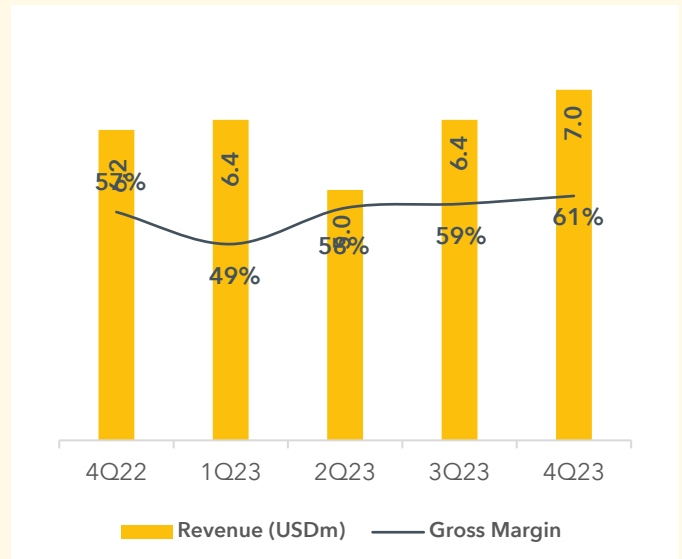
Airthings has received credit approval for renewal of the revolving credit facility (RCF) with Danske Bank. The size of the new facility will be reduced from USD 8 to 6 million, reflecting the improved stability of the overall cash position and improvements in the company's working capital situation over the course of 2023. The new facility is subject to documentation and closing procedures which is expected to be concluded within March 2024.

# Segment overview

## Airthings for Consumer

Revenue from Airthings for Consumer came in at USD 7.0 million in 4Q23, up 14% year-on-year and up 9% quarter-on-quarter, supported by promotional activities, growth on airthings.com, and strong results with a key global retail partner. Revenue for the full year 2023 ended at USD 24.8 million, up 8% compared to 2022.

The segment continued to see underlying growth in new device registrations for connected products, which increased by 15% year-on-year in 4Q23 and by 22% for the full year 2023.



Airthings for Consumer currently sees underlying growth across all markets and is recovering resiliency after the challenging market conditions and adverse category trends experienced over the last year. While Airthings delivered strong performance in key distribution channels and is seeing an elevated and consistent run-rate across the portfolio, including Home Depot, Canadian Tire, Best Buy CA, Elkjøp and Clas Ohlson, the primary growth driver was from Airthings.com.

In line with the Airthings 3.0 strategy, growth in the direct-to-consumer channel, Airthings.com, came in at a growth rate of +100% year-on-year. Direct channel revenues now represent 17% of overall consumer revenue. This is mainly driven by optimization of performance marketing and digital marketing strategies. Increasing direct-to-consumer sales is a key focus area of the company's strategic pivot, and Airthings is seeing potential in this higher-margin subsegment within consumer. In addition to stronger unit economics, the working capital dynamics are favorable in the direct-to-consumer channel compared to other channels.

Gross profit in Consumer came in at USD 4.3 million in 4Q23, giving a gross margin of 61% up from 57% in 4Q22 and up from 59% in the previous quarter, supported by favorable product mix. For the full year 2023, gross profit ended at USD 14.0 million with a gross margin of 57%, in line with 2022.



## Airthings for Business (AfB)

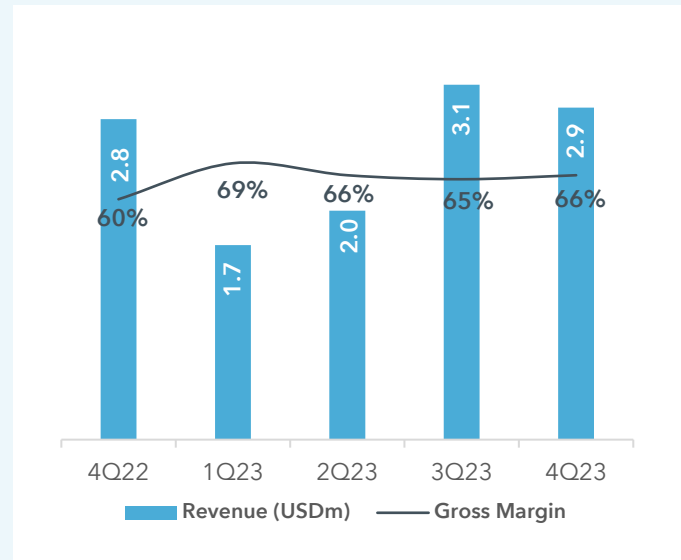
Revenue from Airthings for Business came in at USD 2.9 million in 4Q23, up 1% from 4Q22 and down 8% from the previous quarter. Revenue for the full year amounted to USD 9.7 million, down 6% from 2022.

Despite the modest revenue development, the number of devices in the field increased by 36% year-on-year in 4Q23 and by 9% from the previous quarter.

Airthings won a contract with another top Fortune-500 enterprise customer to roll out the Airthings for Business solution in their office spaces throughout the US. First deliveries started in 4Q23 and further deliveries will be executed throughout 2024.

The broad market has significant and growing potential, but the business segment remains heavily affected by large deals with individual customers, causing fluctuations in the quarter-to-quarter and year-on-year comparisons. Market conditions remain challenging, as property owners exercise caution in their spending on new technology. Despite these conditions, Airthings is actively collaborating with several new global enterprise customers which is anticipated to drive business growth in the upcoming quarters.

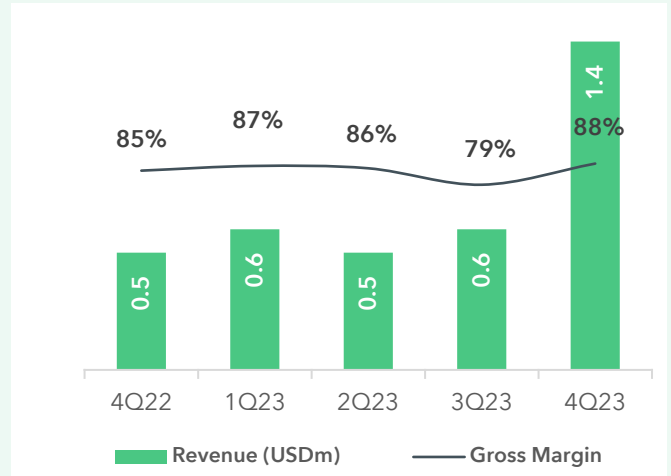
Gross profit for Airthings for Business came in at USD 1.9 million in 4Q23. The gross margin saw a healthy uplift to 66% compared to 60% 4Q22 and 65% in 3Q23. Gross profit for 2023 amounted to USD 6.4 million, with the gross margin increasing 8%-points to 66% in 2023 from 59% in 2022. The margin expansion was driven by increased prices, higher share of software revenues and increasing share of direct sales.



## Airthings for Professionals

Sales revenue from the PRO segment reached USD 0.4 million in 4Q23 and USD 2.1 million in 2023.

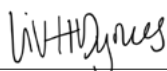
Gross profit from the Pro segment was USD 0.4 million in the quarter, with a gross margin of 88% compared to 85% in 4Q22 and 79% in 3Q23. Gross profit for 2023 amounted to USD 1.8 million with a gross margin of 85% compared to 84% in 2022.



Oslo, 7 February 2024



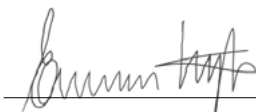
**Geir Førre**  
Chairman of the Board




**Liv Dymes**  
Board Member



**Aksel Lund Svindal**  
Board member



**Emma Tryti**  
Board member



**Niklas Norin**  
Board member



**Chloe Waller**  
Board member

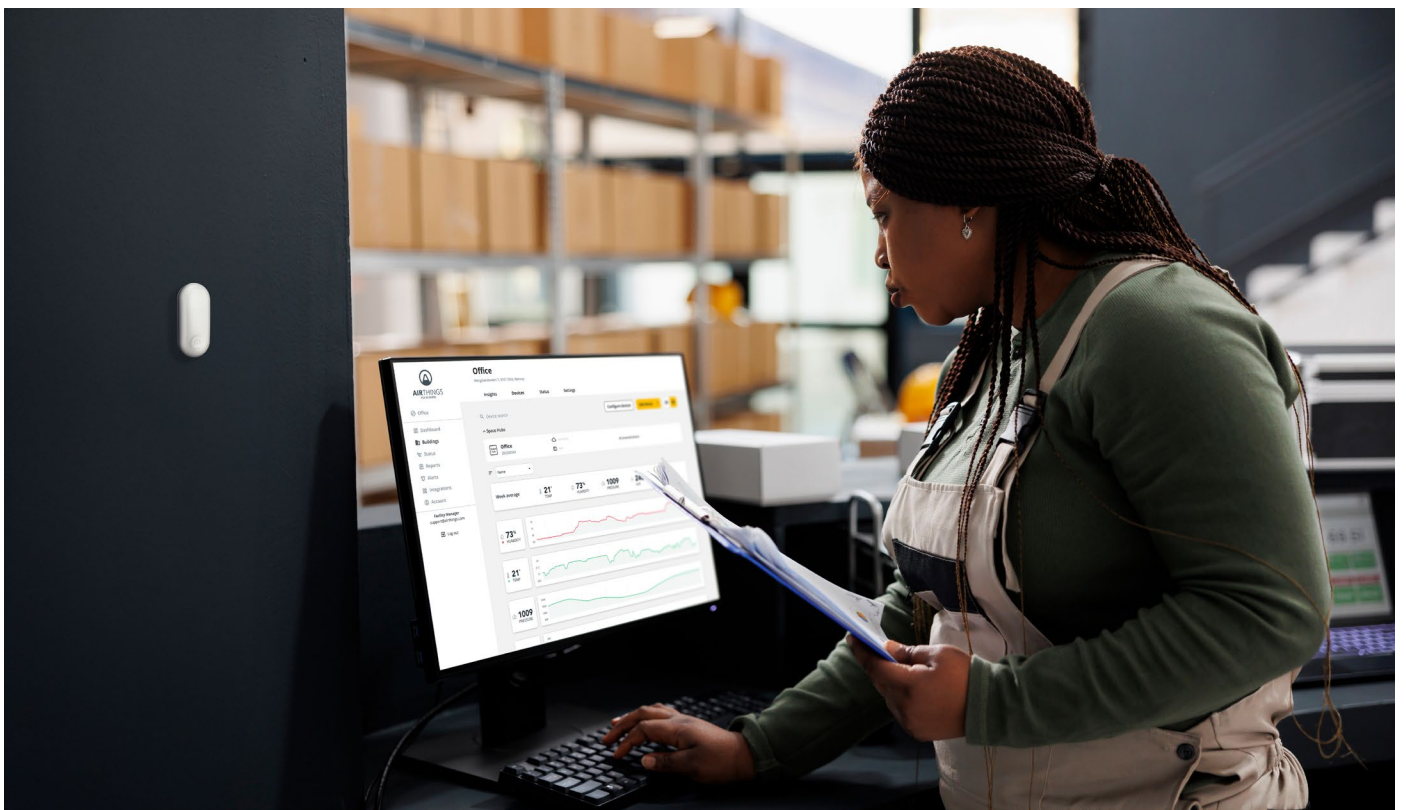


**Karin Berg**  
Board member



**Øyvind Birkenes**  
CEO

# ***Financials***



# Financial highlights (IFRS)

Key financials (USD 1,000)	4Q 2023	4Q 2022	Δ	2023	2022	Δ
Total revenue	10,302	9,459	9%	36,592	35,424	3%
Gross profit	6,541	5,596	17%	22,290	20,959	6%
Gross margin	63%	59%		61%	59%	
EBITDA	-965	-2,755		-6,832	-11,785	
EBIT	-1,329	-3,069		-8,349	-14,662	
Profit (loss) before tax	-2,046	-4,282		-8,030	-13,697	
Annual Recurring Revenue	4,175	3,602	16%	4,175	3,602	16%

## Consolidated statement of profit or loss

For details related to revenue and gross profit, please see 'Operational review' and "Segments".

**Operating expenses** for the group came in at USD 7.5 million in 4Q23 and USD 29.1 million for the full year 2023, down 11% from USD 32.7 million for the full year 2022. After controlling for currency effects and capitalization of intangible assets and grants, the overall cost base has held relatively constant despite significant inflationary pressures on wages and prices as well as payroll tax increases in Norway.

**EBITDA** came in at negative USD 1.0 million in 4Q23 and negative USD 6.8 million in 2023.

**Depreciation and amortization** was USD 0.4 million in 4Q23 and USD 1.5 million in 2023, driven by depreciation of internally generated intangible assets and right-of-use assets for the period for leases recognized under IFRS 16 (see note 7).

**EBIT** came in at negative USD 1.3 million in 4Q23 and USD 8.3 million in 2023.

**Net financial items** consist primarily of exchange rate fluctuations between USD and NOK, interest expense on the growth loan from Innovation Norway, and interest expense on the IFRS 16 lease liability.

**Loss before taxes** ended at USD 2.0 million in 4Q23 and 8.0 million in 2023.

**Tax income** was USD 0.5 million in 4Q23 and USD 1.8 million for the full year 2023 (see note 8).

This resulted in a **net loss** of USD 1.5 million in 4Q23 and a **net loss** of USD 6.3 million for 2023.

## Consolidated statement of financial position

**Total assets** at the end of 4Q23 were USD 64.7 million (end 3Q23: USD 61.9 million). Non-current assets made up USD 18.5 million (end 3Q23: USD 17.2 million), and current assets USD 46.1 million (end 3Q23: USD 44.7 million). Non-current assets mainly consisted of goodwill, intangible assets, deferred tax assets and right of use assets. Current assets were mainly made up of USD 14.6 million in cash and cash equivalents, inventories and trade receivables. Since 2022, inventories have fallen by USD 3.4 million due to the company's heightened focus on improving its working capital situation.



The book value of **equity** was USD 50.3 million at the end of the quarter (end 3Q23: USD 49.6 million). This equated to an equity ratio of 77.7% (end 3Q23: 80.1%)

**Total liabilities** were USD 14.4 million at the end of 4Q23 (end 3Q23: USD 12.3 million).

Non-current liabilities were mainly made up of the growth loan from Innovation Norway (see note 10) and lease liabilities recognized under IFRS 16. Current liabilities consisted of deferred revenue related to subscription service, public duty taxes, personnel related accruals and other accrued expenses.

## **Consolidated statement of cash flows**

**Total cash and cash equivalents balance** decreased by USD 0.9 million from 3Q23 to USD 14.6 million.

**Cash flow from operating activities** came in at negative USD 1.3 million in 4Q23 and negative USD 3.4 million in 2023 mainly driven by a loss before tax offset by positive working capital as a result of the company's heightened focus on improving its working capital situation as well as external financing.

**Cashflow from investment activities** ended at negative USD 0.1 million in 4Q23 and negative USD 1.4 in 2023 driven by capitalization development costs offset by interest on the growth loan from Innovation Norway.

**Cashflow from financing activities** was negative USD 0.2 million in 4Q23 and USD 7.5 million in 2023 mainly related to the funding received from Innovation Norway and the private placement in 1Q23.

# Consolidated statement of profit or loss

Amounts in USD 1,000	Notes	4Q 2023	Unaudited 4Q 2022	2023	Audited 2022
Revenues	4, 5	10,302	9,459	36,592	35,424
<b>Total revenues</b>		<b>10,302</b>	<b>9,459</b>	<b>36,592</b>	<b>35,424</b>
Cost of goods sold	7	3,761	3,863	14,302	14,465
Employee benefit expenses	6	3,912	4,338	15,090	16,654
Other operating expenses	6	3,594	4,013	14,033	16,090
<b>Operating profit or loss before depreciation &amp; amortization (EBITDA)</b>		<b>-965</b>	<b>-2,755</b>	<b>-6,832</b>	<b>-11,785</b>
Depreciation, amortization and impairment	7	364	315	1,517	2,877
<b>Operating profit or loss (EBIT)</b>		<b>-1,329</b>	<b>-3,069</b>	<b>-8,349</b>	<b>-14,662</b>
Net financial items		-717	-1,212	320	965
<b>Profit (loss) before tax</b>		<b>-2,046</b>	<b>-4,282</b>	<b>-8,030</b>	<b>-13,697</b>
Income tax expense	8	-525	-1,032	-1,772	-3,131
<b>Profit (loss) for the period</b>		<b>-1,521</b>	<b>-3,250</b>	<b>-6,258</b>	<b>-10,566</b>

## Profit (loss) for the year attributable to:

Equity holders of the parent company	-1,521	-3,250	-6,258	-10,566
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## Earnings per share:

Basic earnings per share	12	-0.01	-0.02	-0.03	-0.06
Diluted earnings per share	12	-0.01	-0.02	-0.03	-0.06

# Consolidated statement of comprehensive income

Amounts in USD 1,000	Notes	Unaudited		Audited	
		4Q 2023	4Q 2022	2023	2022
<b>Profit (loss) for the period</b>		<b>-1,521</b>	<b>-3,250</b>	<b>-6,258</b>	<b>-10,566</b>
<i>Other comprehensive income:</i>					
<i>Items that subsequently will not be reclassified to profit or loss:</i>					
Exchange differences on translation of parent company		2,112	5,088	-1,838	-7,025
<b>Total items that will not be reclassified to profit or loss</b>		<b>2,112</b>	<b>5,088</b>	<b>-1,838</b>	<b>-7,025</b>
<i>Items that subsequently may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		-2	-2	-3	
<b>Total items that may be reclassified to profit or loss</b>		<b>-2</b>	<b>-2</b>	<b>-3</b>	
<b>Other comprehensive profit (loss) for the period</b>		<b>2,111</b>	<b>5,086</b>	<b>-1,841</b>	<b>-7,025</b>
<b>Total comprehensive profit (loss) for the period</b>		<b>590</b>	<b>1,836</b>	<b>-8,099</b>	<b>-17,590</b>
<b>Total comprehensive profit (loss) attributable to:</b>					
Equity holders of the parent company		590	1,836	-8,099	-17,590

# Consolidated statement of financial position

Amounts in USD 1,000	Notes	Unaudited 31.12.2023	Audited 31.12.2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7	2,783	2,872
Intangible assets	7	3,610	2,459
Deferred tax assets	8	8,849	7,108
Property, plant and equipment		639	830
Right-of-use assets		2,520	3,140
Other non-current assets	13	111	132
<b>Total non-current assets</b>		<b>18,510</b>	<b>16,541</b>
<b>Current assets</b>			
Inventories		15,320	18,713
Trade receivables		11,175	11,099
Other receivables		5,096	4,115
Cash and cash equivalents	9	14,553	13,274
<b>Total current assets</b>		<b>46,143</b>	<b>47,202</b>
<b>TOTAL ASSETS</b>		<b>64,653</b>	<b>63,743</b>

<b>Amounts in USD 1,000</b>	<b>Notes</b>	<b>Unaudited 31.12.2023</b>	<b>Audited 31.12.2022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	215	192
Share premium		86,383	78,979
Other capital reserves		2,359	2,068
Other equity		-38,694	-30,311
<b>Total equity</b>		<b>50,264</b>	<b>50,928</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	10	1,376	
Non-current lease liabilities		1,903	2,554
Other non-current liabilities	13	108	125
<b>Total non-current liabilities</b>		<b>3,388</b>	<b>2,679</b>
<b>Current liabilities</b>			
Current lease liabilities		885	850
Trade and other payables		6,526	6,177
Contract liabilities		1,368	1,111
Income tax payable		73	60
Other current liabilities	10	2,150	1,963
<b>Total current liabilities</b>		<b>11,001</b>	<b>10,137</b>
<b>Total liabilities</b>		<b>14,389</b>	<b>12,816</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>64,653</b>	<b>63,743</b>

Oslo, 7 February 2024



**Geir Føre**  
Chairman of the Board



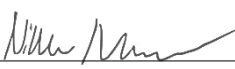
**Liv Dymes**  
Board Member



**Aksel Lund Svindal**  
Board member



**Emma Tryti**  
Board member



**Niklas Norin**  
Board member



**Chloe Waller**  
Board member



**Karin Berg**  
Board member



**Øyvind Birkenes**  
CEO



# Consolidated statement of cash flows

		Unaudited		Audited	
Amounts in USD 1,000	Notes	4Q 2023	4Q 2022	2023	2022
Cash flows from operating activities					
Profit (loss) before tax		-2,046	-4,282	-8,030	-13,697
Adjustments to reconcile profit before tax to net cash flows:					
Net financial items		717	1,212	-320	-965
Depreciation, amortization and impairment	7	364	315	1,517	2,877
Share-based payment expense	13	50	66	292	364
Working capital adjustments:					
Changes in inventories		358	-3,195	3,394	-7,284
Changes in trade and other receivables		-2,743	-2,320	-1,057	-1,476
Changes in trade and other payables and contract liabilities		1,360	1,575	606	-633
Changes in other liabilities		673	615	194	-1,354
Net cash flows from operating activities		-1,268	-5,979	-3,403	-22,169
Cash flows from investing activities					
Development expenditures	7	-312	-661	-1,678	-2,145
Purchase of property, plant and equipment			-116	-92	-341
Interest received		201	241	395	258
Net cash flow from investing activities		-110	-536	-1,375	-2,228
Cash flow from financing activities					
Proceeds from issuance of equity	11	21	123	7,143	312
Proceeds of interest-bearing liabilities	10			1,300	
Payments for the principal portion of the lease liability		-178	-168	-724	-698
Payments for the interest portion of the lease liability		-35	-44	-159	-201
Interest paid		-25		-52	
Net cash flows from financing activities		-217	-89	7,508	-586
Net increase/(decrease) in cash and cash equivalents		-1,595	-6,603	2,730	-24,983
Cash and cash equivalents beginning of the period		15,473	17,014	13,274	42,174
Net foreign exchange difference		674	2,863	-1,451	-3,917
Cash and cash equivalents at end of the period		14,553	13,274	14,553	13,274

# Consolidated statement of changes in equity

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity		Total equity
				Cumulative translation differences	Retained earnings	
<b>Equity 31 December 2021</b>	<b>190</b>	<b>78,669</b>	<b>1,704</b>	<b>1,962</b>	<b>-14,683</b>	<b>67,842</b>
Profit (loss) for the period					-10,566	-10,566
Other comprehensive profit (loss)				-7,025		-7,025
<b>Total comprehensive profit (loss)</b>				<b>-7,025</b>	<b>-10,566</b>	<b>-17,590</b>
Capital increase (note 11)	2	310				312
Share-based payments (note 13)			364			364
<b>Equity 31 December 2022</b>	<b>192</b>	<b>78,979</b>	<b>2,068</b>	<b>-5,062</b>	<b>-25,248</b>	<b>50,928</b>

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity		Total equity
				Cumulative translation differences	Retained earnings	
<b>Equity 31 December 2022</b>	<b>192</b>	<b>78,979</b>	<b>2,068</b>	<b>-5,062</b>	<b>-25,248</b>	<b>50,928</b>
Profit (loss) for the period					-6,258	-6,268
Other comprehensive profit (loss)				-1,841		-1,841
<b>Total comprehensive profit (loss)</b>				<b>-1,841</b>	<b>-6,258</b>	<b>-8,099</b>
Capital increase (note 11)	23	7,404				7,428
Transaction cost share issues					-285	-285
Share-based payments (note 13)			292			292
<b>Equity 31 December 2023</b>	<b>215</b>	<b>86,383</b>	<b>2,359</b>	<b>-6,903</b>	<b>-31,791</b>	<b>50,264</b>

# Notes

## **Note 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 produce 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 interim consolidated financial statements of the Group for the period ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 7 February 2024.

Reference is made to note 4.1 in the Group's consolidated financial statements for the year ended 31 December 2022 for a list of subsidiaries.

## **Note 2: Basis of preparation and significant accounting policies**

The interim 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 selected explanatory notes. The interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ('EU').

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Airthings' 2022 consolidated financial statements as of 31 December 2022. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of Airthings' consolidated annual financial statements for the year ended 31 December 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The interim consolidated financial statements have been prepared on a historical cost basis. All figures are presented in United States dollar ('USD') thousands (USD 1,000), except when otherwise stated.

Further, the interim consolidated financial statements are prepared based on the going concern assumption. The macroeconomic environment has proven challenging throughout both 2022 and 2023 with increasing interest rates and inflation causing uncertainty and reduced consumer confidence. Consequently, retailers and distribution partners have reduced inventory coverage to lower their capital burden and reduce risk exposure. The investment climate also remain subdued in the B2B segment, Airthings for Business. The Board continues to monitor the situation carefully to ensure appropriate measures are taken going into 2024.

*Presentation currency and functional currency*

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. When converting from NOK to USD large items on the balance sheet, such as Equity and Cash and cash equivalents, may show significant unrealized differences when the exchange rate between these two currencies fluctuates substantially.

**Note 3: Significant accounting judgements, estimates and assumptions**

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.

In preparing the interim consolidated financial statements, the significant judgments, estimates and assumptions made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to Airthings' annual financial statements for the year ended 31 December 2022.

#### Note 4: 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 - private customers
- Business - business customers such as schools, office buildings and other commercial buildings
- Professional - professional customers such as home inspectors and certified radon professionals

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

The Board of Directors is the Group's chief operating decision maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA measured consistently with operating profit or loss before depreciation and amortization. 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.

#### 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".

4Q 2023 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
<b>REVENUES &amp; PROFIT</b>					
External customers	7,004	2,866	432		10,302
<b>Total revenue</b>	<b>7,004</b>	<b>2,866</b>	<b>432</b>		<b>10,302</b>
Cost of goods sold	2,749	962	50		3,761
Employee benefit expenses	352	940	75	2,544	3,912
Other operating expenses	1,647	389	173	1,385	3,594
<b>EBITDA</b>	<b>2,256</b>	<b>575</b>	<b>133</b>	<b>-3,929</b>	<b>-965</b>



<b>4Q 2022 (USD 1,000)</b>	<b>Consumer</b>	<b>Business</b>	<b>Professional</b>	<b>Group functions</b>	<b>Consolidated IFRS</b>
<b>REVENUES &amp; PROFIT</b>					
External customers	6,155	2,847	457		9,459
<b>Total revenue</b>	<b>6,155</b>	<b>2,847</b>	<b>457</b>		<b>9,459</b>
Cost of goods sold	2,655	1,141	67		3,863
Employee benefit expenses	440	991	92	2,814	4,338
Other operating expenses	1,009	252	181	2,571	4,013
<b>EBITDA</b>	<b>2,051</b>	<b>462</b>	<b>118</b>	<b>-5,385</b>	<b>-2,755</b>

<b>2023 (USD 1,000)</b>	<b>Consumer</b>	<b>Business</b>	<b>Professional</b>	<b>Group functions</b>	<b>Consolidated IFRS</b>
<b>REVENUES &amp; PROFIT</b>					
External customers	24,773	9,673	2,145		36,592
<b>Total revenue</b>	<b>24,773</b>	<b>9,673</b>	<b>2,145</b>		<b>36,592</b>
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	6,187	957	590	6,308	14,033
<b>EBITDA</b>	<b>6,193</b>	<b>1,597</b>	<b>941</b>	<b>-15,563</b>	<b>-6,832</b>

<b>2022 (USD 1,000)</b>	<b>Consumer</b>	<b>Business</b>	<b>Professional</b>	<b>Group functions</b>	<b>Consolidated IFRS</b>
<b>REVENUES &amp; PROFIT</b>					
External customers	23,037	10,313	2,075		35,424
<b>Total revenue</b>	<b>23,037</b>	<b>10,313</b>	<b>2,075</b>		<b>35,424</b>
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
<b>EBITDA</b>	<b>7,291</b>	<b>1,033</b>	<b>724</b>	<b>-20,833</b>	<b>-11,785</b>

### **Segmental analysis of assets and liabilities**

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

### **Geographical disaggregation**

Reference is made to note 5 Revenue for information on the Group's geographical markets.

## Note 5: Revenue

Airthings Group is a manufacturer of air quality sensors and hardware-enabled software products for air quality, radon measurement and energy efficiency solutions. The Group's revenue from contracts with customers are reported in three main segments as described in note 4: Consumer, Business and Professional.

- The consumer segment sells air quality sensors to private customers through retailers and e-commerce
- The business segment sells air quality solutions to schools, office buildings, and other commercial buildings
- The professional segment sells 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

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

<b>Revenues (USD 1,000)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers	10,210	9,353	36,185	34,953
Rental income	92	106	407	471
<b>Total revenues</b>	<b>10,302</b>	<b>9,459</b>	<b>36,592</b>	<b>35,424</b>

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

<b>Geographical information (USD 1,000)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
EMEA	3,026	2,473	7,961	10,102
North America (USA and Canada)	7,185	6,880	28,224	24,851
<b>Total revenue from contracts with customers</b>	<b>10,210</b>	<b>9,353</b>	<b>36,185</b>	<b>34,953</b>

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

<b>Timing of revenue recognition (USD 1,000)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
Goods transferred at a point in time	9,385	8,659	32,991	32,527
Subscription and services transferred over time	825	693	3,244	2,427
<b>Total revenue from contracts with customers</b>	<b>10,210</b>	<b>9,353</b>	<b>36,185</b>	<b>34,953</b>

## **Note 6: Other operating expenses**

### **Total operating expenses by function**

The table below illustrates the Group's employee benefit expenses and other operating expenses by function. These measures are regularly provided to and reviewed by the Board.

<b>Operating expenses (USD 1,000)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
Sales and marketing	4,514	5,014	17,706	19,621
Research and development	1,519	1,907	6,496	7,201
General and administrative	1,473	1,430	4,921	5,922
<b>Total operating expenses</b>	<b>7,505</b>	<b>8,351</b>	<b>29,123</b>	<b>32,744</b>
Number of employees	129	137	129	137

## **Note 7: Intangible assets**

Depreciation and amortization expenses includes the monthly charge on property, plant and equipment, intangible assets and right-of-use assets over the assets estimated useful lives or lease term. The depreciation and amortization expenses are recognized on a straight-line basis.

<b>Depreciation, amortization and impairment (USD 1,000)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
Depreciation of property, plant and equipment	53	67	284	269
Depreciation of right-of-use assets	177	179	735	769
Amortization and impairment of intangible assets (see details in the table below)	134	69	497	1,838
<b>Total depreciation, amortization and impairment expenses</b>	<b>364</b>	<b>315</b>	<b>1,517</b>	<b>2,877</b>

## Nature of the Group's intangible assets

The Group's intangible assets mainly comprise of software and systems, internal development projects and technology acquired through the acquisition of subsidiaries.

(USD 1,000)	Capitalized development costs	Software & systems	Technology	Goodwill <sup>1)</sup>	Total
<b>Acquisition cost as of 31 December 2021</b>		<b>1,129</b>	<b>1,864</b>	<b>3,210</b>	<b>6,203</b>
Additions*	1,196	184	822		2,201
Currency translation effects	-48	-142	-302	-337	-829
<b>Acquisition cost as of 31 December 2022</b>	<b>1,148</b>	<b>1,171</b>	<b>2,383</b>	<b>2,872</b>	<b>7,574</b>
<b>Acquisition cost as of 31 December 2022</b>	<b>1,148</b>	<b>1,171</b>	<b>2,383</b>	<b>2,872</b>	<b>7,574</b>
Additions*	1,583	93	2		1,678
Transfer of finished development projects	-266		266		
Currency translation effects	13	-32	-68	-89	-176
<b>Acquisition cost as of 31 December 2023</b>	<b>2,479</b>	<b>1,232</b>	<b>2,583</b>	<b>2,783</b>	<b>9,076</b>
<b>Accumulated amortization as of 31 December 2021</b>		<b>282</b>	<b>217</b>		<b>498</b>
Amortization charge for the period		305	90		395
Impairment charge for the period			1,444		1,444
Currency translation effects		-33	-60		-93
<b>Accumulated amortization as of 31 December 2022</b>		<b>554</b>	<b>1,690</b>		<b>2,244</b>
<b>Accumulated amortization as of 31 December 2022</b>		<b>554</b>	<b>1,690</b>		<b>2,244</b>
Amortization charge for the period		318	179		497
Currency translation effects		-8	-47		-55
<b>Accumulated amortization as of 31 December 2023</b>		<b>864</b>	<b>1,823</b>		<b>2,687</b>
<b>Net book value:</b>					
<b>As of 31 December 2022</b>	<b>1,148</b>	<b>617</b>	<b>693</b>	<b>2,872</b>	<b>5,331</b>
<b>As of 31 December 2023</b>	<b>2,479</b>	<b>370</b>	<b>760</b>	<b>2,783</b>	<b>6,392</b>

Economic life (years)	5	3-5	Indefinite
Depreciation plan	Straight-line		

\* Development expenditures

## **1) Goodwill**

Airthings performed its annual impairment test for goodwill in December 2023 and no impairments were made. The impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount will be disclosed in Airthings' consolidated financial statements for the year ended 31 December 2023.

Airthings considers the relationship between our market capitalization and our book value, among other factors, when reviewing for indicators of impairment. In addition, the group considers factors such as revenue growth in the industry, impact of general economic conditions, changes in the technological environment, the group's market share, and performance compared to previous forecasts in this assessment.

No changes to AfB's long-term prospects are expected due to the recent macro development, hence no impairment of the goodwill is made. Management does not see any other reasonable changes in the key assumptions that would cause the value in use to be lower than its carrying value.

## **Note 8: Income tax**

The consolidated tax rate for the Group are approximately 22%. 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 the Group. The effect from the statutory income tax rates from other countries (Sweden and USA) on the Group tax rate is very limited as the main operations are in Norway.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Tax losses carried forward in the parent company have been fully recognized as deferred tax assets in the consolidated financial statements, as the Group consider it to be probable that these taxable losses may be utilized in the future.

Reference is made to note 2.8 in the Group's consolidated financial statements for the year ended 31 December 2022 for more information.

## **Note 9: 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, reflecting the improved stability of the overall cash position and improvements in the company's working capital situation over the course of 2023. As of 31 December 2023, USD 0.0 million of the facility was utilized. The RCF needs to be renewed after 12 months. 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.



### Note 10: Grants and growth loan from Innovation Norway

In May 2023, Airthings secured funding from Innovation Norway linked to the companies R&D activities 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 installment of the funding.

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

1. Equity ratio: Equity ratio > 35%
2. Working capital: Working capital > 50 000 000 NOK

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

### Note 11: Share capital and shareholders information

#### 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)
<b>At 31 December 2021</b>	<b>171,816,437</b>	<b>0.01</b>	<b>190</b>
Share capital increase - February 2022	550,400	0.01	1
Share capital increase - May 2022	482,200	0.01	1
Share capital increase - July 2022	160,109	0.01	0
Share capital increase - November 2022	983,200	0.01	1
<b>At 31 December 2022</b>	<b>173,992,346</b>	<b>0.01</b>	<b>192</b>
Share capital increase - February 2023	23,437,500*	0.01	23
Share capital increase - November 2023	328,600	0.01	1
<b>At 31 December 2023</b>	<b>197,758,446</b>	<b>0.01</b>	<b>215</b>

\* Airthings raised NOK 75 million in gross proceeds through a private placement of 23,437,500 shares in the quarter.

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.

No distributions were made to shareholders in the current or prior period. Further, there are no proposed dividends.

#### Share price information

Share 31 December 2023 (NOK)	2,95
Market capitalization 31 December 2023 (NOKm)	582

**The Group's shareholders:**

<b>Shareholders in Airthings ASA at 31 December 2023</b>	<b>Total shares</b>	<b>Ownership/Voting rights</b>
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%
<b>Total</b>	<b>197,758,446</b>	<b>100%</b>

**The Group's shareholders:**

<b>Shareholders in Airthings ASA at 31 December 2022</b>	<b>Total shares</b>	<b>Ownership/Voting rights</b>
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%
<b>Total</b>	<b>173,992,346</b>	<b>100%</b>

## Note 12: Earnings per share

<b>(Profit or loss in USD)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss attributable to ordinary equity holders - for basic EPS	-1,520,627	-3,249,688	-6,257,752	-10,565,598
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-1,520,627	-3,249,688	-6,257,752	-10,565,598
Weighted average number of ordinary shares - for basic EPS	197,617,617	173,592,583	194,708,073	172,826,775
Weighted average number of ordinary shares adjusted for the effect of dilution	199,662,263	176,827,484	196,862,214	177,577,976
<b>Basic EPS - profit or loss attributable</b>	<b>-0.01</b>	<b>-0.02</b>	<b>-0.03</b>	<b>-0.06</b>
<b>Diluted EPS - profit or loss attributable*</b>	<b>-0.01</b>	<b>-0.02</b>	<b>-0.03</b>	<b>-0.06</b>

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

## Note 13: Share-based payments

Employees (including members of the Board and management) of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments (equity-settled transactions). As at 31 December 2023, the Group had 9,657,122 outstanding options with a weighted average strike price of NOK 2.40. Reference is made to note 6.6 of Airthings' 2022 consolidated financial statements for a description of the Group' share option plans.

During 4Q 2023, 55,978 share options were granted to employees under the Group's share option plan from 2021. The fair value of the options granted during the three months ended 31 December 2023 was estimated on the date of grant using the following assumptions:

Weighted average fair values at the measurement date (NOK)	1.02
Dividend yield (%)	0.00%
Expected volatility (%)	54.75%
Risk-free interest rate (%)	3.86%
Expected life of share options (years)	2.50
Weighted average share price (NOK)	2.86
Weighted average exercise price (NOK)	2.86
Model used	BSM

In 2023, the Group has recognized USD 292 thousands of share-based payment expense in the statement of profit or loss (2022: USD 364 thousands).

As of 31 December 2023, the Group has recognized a social security provision for share-based payment of USD 108 thousands (31 December 2022: USD 125 thousands).

## **Note 14: Other factors and significant events**

Reference is made to note 6.3 of Airthings' 2022 consolidated financial statements. The key risk areas are discussed below:

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 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 which was renewed in 1Q 2024. The size was reduced to USD 6 million due to an overall improved working capital situation, see note 9. The Group also raised NOK 75 million in gross proceeds through a private placement of 23,437,500 shares in the prior quarter. 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.

## **Note 15: 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 8-6 million, reflecting the improved stability of the overall cash position and improvements in the company's working capital situation over the course of 2023.

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, and general economic market conditions, 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 conflict in Israel/Gaza is not currently impacting the Group, despite the Group having limited production in Israel. The Group's contract manufacturer for this 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.

Climate risk - the impact of climate risks has been taken into account in the preparation of the Group's interim consolidated financial statements for the period ended 31 December 2023. However, the risks identified are not considered to have a significant impact on the Group considering the nature of its operations. Potential impacts of climate change are continuously considered in assessing whether assets may be impaired. As of 31 December 2023 there is no impact on the Group's assets or liabilities.

# 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 for the ending period (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	348	300
<b>ARR</b>	<b>4,175</b>	<b>3,602</b>

## 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)	4Q 2023	4Q 2022	2023	2022
Revenue	10,302	9,459	36,592	35,424
<b>EBITDA</b>	<b>-965</b>	<b>-2,755</b>	<b>-6,832</b>	<b>-11,785</b>
<b>EBITDA margin</b>	<b>-9%</b>	<b>-29%</b>	<b>-19%</b>	<b>-33%</b>

## **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.

<b>Gross profit margin (USD 1,000)</b>	<b>4Q 2023</b>	<b>4Q 2022</b>	<b>2023</b>	<b>2022</b>
Revenue	10,302	9,459	36,592	35,424
Cost of goods sold	3,761	3,863	14,302	14,465
<b>Gross profit</b>	<b>6,541</b>	<b>5,596</b>	<b>22,290</b>	<b>20,959</b>
<b>Gross profit margin</b>	<b>63%</b>	<b>59%</b>	<b>61%</b>	<b>59%</b>

# **Forward-looking statements**

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made but are inherently subject to uncertainties and contingencies that are difficult or impossible to predict. Airthings ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.





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