

Do you know  
what's in  
the air you  
breathe?



What's  
your  
View?



AIRTHINGS

Report 1Q 2022





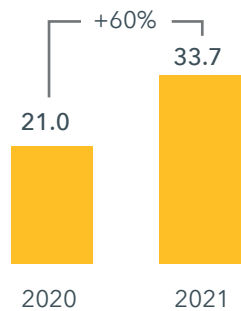
# Airthings at a glance

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

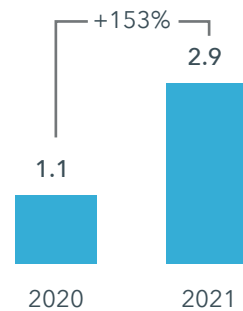
- Global leader in indoor air quality solutions
- Serving consumers, businesses, and professionals
- Empowering the world to breathe better

## Exceptional growth

Revenues (USD million)



ARR (USD million)

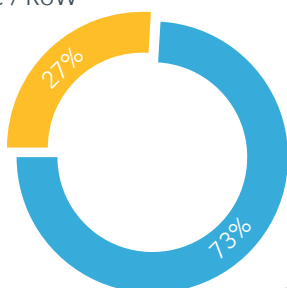


## Delivering elegant products and actionable insights

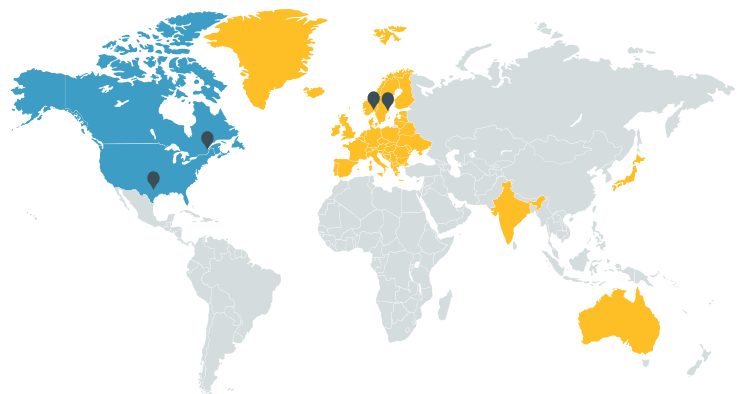


## International and expanding presence

Europe / RoW



Americas





# Key highlights

1

1Q sales revenue of

**USD 9.1 million**

up 41% YoY

2

1Q sales gross profit of

**USD 5.3 million**

gross profit margin of 59%

3

Total ARR reached

**USD 3.1 million**

at end of 1Q, up 87% YoY

4

First project won with

**Market leading facility manager Sodexo**

to Microsoft's headquarter in Paris

5

Shipped

**4 000 devices to the Netherlands**

following new government regulations and a targeted school campaign with T-mobile

6

Airthings for Business

**Available in Japan**

and first installments expected in 2Q22

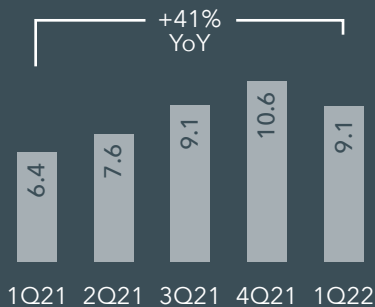
7

Reached

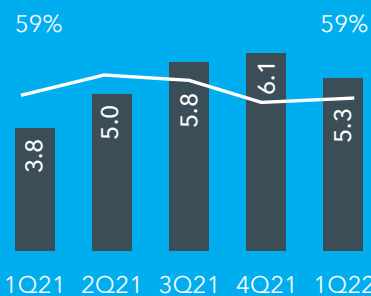
**1.2M unique web visitors**

in 1Q, signaling a continued strengthening of the Airthings brand

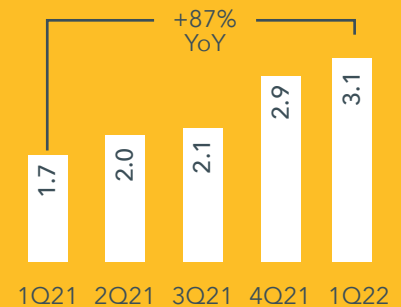
GROUP SALES REVENUE  
(USD million)



SALES GROSS PROFIT  
(USD million)



ANNUAL RECURRING REVENUE  
(USD million)



# Operational review

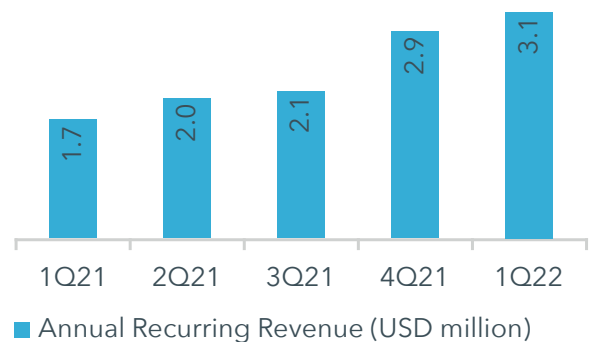
## Revenue and margin development

Airthings recorded sales revenue of USD 9.1 million (NOK 80.2 million)<sup>1</sup> in 1Q22, representing year-on-year growth of 41%. This is within the guided window of NOK 80-90 million for the quarter despite adjusting revenue USD 0.5 million (NOK 4.2 million) downward due to IFRS conversion. The revenue growth in 1Q22 was mainly driven by the consumer and business segments which each delivered solid increases year-on-year. Total growth was somewhat offset by the Pro segment which fell short of expectations by approximately USD 0.4 million due to a slow home inspection market in the quarter. The footprint in the US is reinforced with a geographic revenue split for the quarter of 59% and 41% in the Americas and EMEA/RoW regions respectively. This despite a slower sales quarter in the US due to Airthings for Business sales team restructuring activities.

Gross Profit came in at USD 5.3 million, reflecting a gross profit margin (GPM) of 58.8%. This was down 0.7%-points year-on-year, but up 1.3%-points from 4Q21. The 1Q22 margin decrease since 1Q21 is primarily due to reduced margin in the consumer segment driven by changes in product and channel mix and increased component prices. As previously communicated, GPM can be expected to fluctuate across quarters as a function of these variables.

## Annual recurring revenue (ARR)

Annual Recurring Revenue (ARR) came in at USD 3.1 million in 1Q22, representing robust growth of 87% year-on-year. The growth primarily reflects the strong momentum in the Airthings for Business segment which is the key driver of ARR in the company. AfB revenue has seen a healthy growth of 101% year-on-year reaching USD 2.2 million in the quarter. Gross margin from ARR was >80% in 1Q22.



<sup>1</sup> NOK 84.4 million based on NGAAP

## Brand awareness

Airthings has seen a strong increase in brand awareness in the quarter, as indicated by number of unique web visitors (UWV) to the website reaching 1.2 million in 1Q. This represents over doubling year-on-year. The increased brand awareness was enabled by participation in high exposure events and successful marketing campaigns throughout the quarter.



Airthings attended both the Consumer Electronics Show (CES) and the leading international HVAC trade show (AHR Expo) in Las Vegas, driving brand awareness on the global stage as well as traction to the product portfolio. The company continues to be the official air quality partner of the Meltwater Champions Chess Tour. In February, the Airthings Masters kicked off the 2022 tour, driving huge exposure for the Airthings brand worldwide. Airthings continues to integrate live air quality data for the world's top chess players into the broadcast, educating the world about the importance of good air quality for health, wellness, and cognitive ability. The tour generated over 9 billion potential media impressions with over 2,500 articles published by various global news sources, including CNN, the New York Times, BBC, The Times of India, and Al Jazeera to name a few.

A marketing campaign was launched in the Netherlands in cooperation with T-mobile following the introduction of new regulation from the Dutch Ministry of Education. The regulation, requiring CO2 monitoring in all schools nationwide, is estimated to necessitate approximately 115,000 monitors in classrooms in the Netherlands. The new regulation and campaign resulted in the sale of thousands of Airthings devices and represents the start of an anticipated global movement by authorities to place stricter regulations on indoor air quality, which in turn presents a significant opportunity for AfB.

Amazon 'Deal of the Day' was another successful campaign launched in the first quarter of 2022, driving the sales of over 9000 Corentium Home devices from Amazon, a testament to the current momentum and demand in one of the key sales channels for Consumer.

## Outlook and guidance

Airthings is seeing strong momentum and delivered robust year-on-year revenue growth in 1Q22. The Consumer segment is experiencing continued demand for its products and Airthings for Business has achieved several recent wins and is well-positioned for long-term expansion and market penetration.

USD million	Revenue and ARR Guidance 2Q22
Revenue	8.0 - 9.0
ARR	3.3 - 3.7

The new partnership with Sodexo in France, the recent wins in the school segment in the Netherlands, and the certification of AfB in Japan is expected to begin materializing as revenue in 2Q22, showing strong momentum in Airthings' fastest growing segment. Management continues to see large upside in AfB with several opportunities in new and existing markets. The US team is currently being restructured which will increase operational efficiency and potential for expansion in the market. The restructuring efforts are focused on the AfB sales team and ensuring the proper set up and capacity is in place to drive growth in this largely untapped market. However, in the short-term this will represent a headwind to the AfB segment. No impacts of these efforts are expected for the Airthings for Consumer segment in the US. Pro remains uncertain with continued challenges in the home inspections market expected in the coming quarter.

Sales impacts from global component shortages and logistical challenges were reduced in 1Q22 compared to prior quarters, and Airthings has built up sufficient inventory to fulfill upcoming sales orders for the top-selling View series. The company is continuously monitoring and managing inventory to ensure adequate stock going forward as global supply developments remain uncertain. View Pollution and View Radon were launched and started to ship to customers around the world in the 1Q22, increasing the product portfolio and expanding the revenue potential going forward.

In total, this results in a sales revenue estimate of USD 8.0 - 9.0 million for 2Q22, with ARR of USD 3.3 - 3.7 million expected at the end of 2Q22, corresponding to year-on-year growth of 11% and 79% respectively. The guidance reflects macroeconomic development such as inflation and weaker consumer sentiment, and increased uncertainties related to the war in the Ukraine.

IFRS conversion and transition to reporting in USD has been completed within the expected timeline and the transition to Oslo Stock Exchange main list in June continues according to plan.

# Segment overview

## Airthings for Consumer

Airthings for Consumer has seen strong year-on-year growth and revenue came in at USD 6.1 million in 1Q22, up 42% from USD 4.3 million in 1Q21. While overall growth has been good year-on-year, inventory levels are somewhat elevated with retail partners in the quarter. The sale of 9000 Corentium Home devices during an Amazon US 'Deal of the Day' campaign, however, indicates that end consumer demand has remained intact.

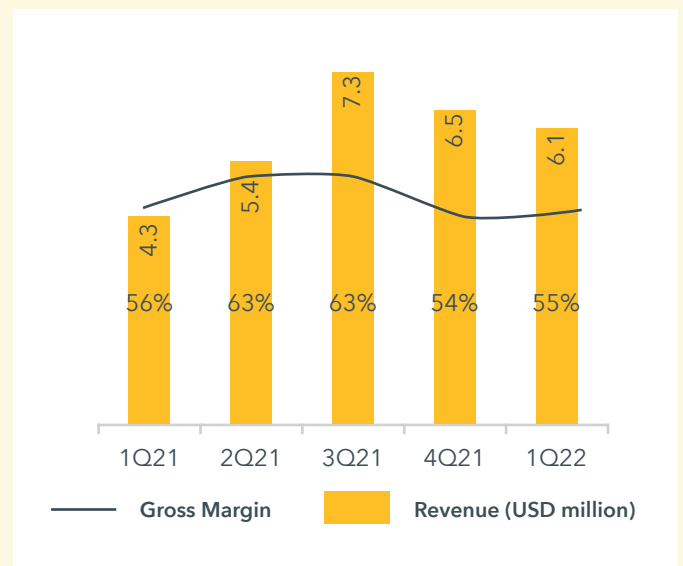
Gross profit for the Consumer segment came in at USD 3.4 million in 1Q, reflecting a margin of 55.0%. This is largely in line with the 56.0% seen in 1Q21, but somewhat lower due to variations in product/channel mix and higher component prices.

In the quarter Airthings announced and started to ship two new versions of the View product series, View Pollution and View Radon. Over coming months and quarters Airthings expects to ramp up distribution of these products online and in select stores.

In addition, Exertis was onboarded as a new distributor for the consumer products in the Nordics, which will be key to expand retailer presence and sell-through in the region further. Finally, in 1Q Airthings secured a commitment for its first in-store retail roll-out in Australia. In 2Q Airthings will have in-store placement with

View Pollution and Wave Mini in all of Officeworks stores.

Overall, the company sees particularly strong demand for View Plus, and the company has secured inventory to accommodate sales in the coming quarter. There is nevertheless uncertainty with regards to component availability for the product going forward, a key focus area continuously being monitored. Furthermore, headwinds to consumer sentiment, in the form of inflation and the war in Ukraine, create some heightened uncertainty going forward.



## Airthings for Business (AfB)

Revenue from Airthings for Business came in at USD 2.2 million in the quarter, 101% growth year-on-year. Revenue growth was mainly driven by a sizeable school campaign in the Netherlands where approximately 4,000 devices were sold in the quarter. AfB's share of total revenue in the quarter was 25% compared to 17% in 1Q21, and the segment has steadily grown its share of revenues quarter-over-quarter after accounting for 4Q21 being an outlier with the significant Quebec contract. There is still potential for improvements in the US market as sales have been somewhat slower in 1Q22 due to restructuring efforts, and the rebuilt team will be in strengthened position to increase its foothold in the US market going forward.

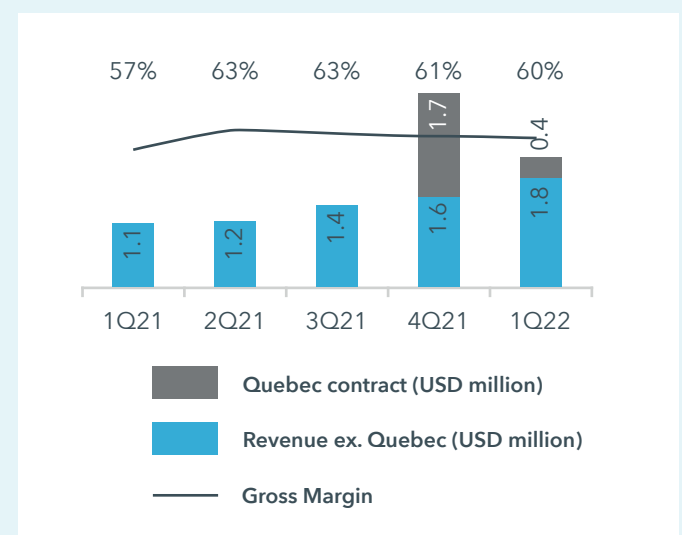
Revenue for Airthings for Business was acquired through our global partner network in the quarter and aggregated 185 deals with an average deal size of USD 11.7k. This represents year-on-year growth of 8% and 95%, respectively. Gross profit for Airthings for Business came in at USD 1.4 million in 1Q, reflecting a margin of 60.4%. The gross margin is up 3.7%-points year-on-year.

Airthings is seeing continued strong underlying growth from a broad range of customers and partners. In 1Q22, Airthings shipped its first devices to Microsoft's Headquarter in Paris through a partnership with market leading facility manager Sodexo. This partnership agreement is a testament to AfB's position and potential with major partners in large European markets, representing a promising opportunity as the company manifests its foothold in new markets. Airthings was also certified in the Japanese market in 1Q22, with the first installments being made in the second quarter of 2022.

After careful consideration and a thorough pilot testing process, Airthings has decided to not sell the Airtight solution acquired in 2020.

The acquisition fast-forwarded our focus and understanding on how air quality monitoring can save energy in buildings, but ultimately the solution was deemed to not be commercially viable. Instead, Airthings will continue to help customers achieve energy savings through current AfB solutions. Airthings foresees major optimization opportunities to make existing buildings both smarter and more energy efficient, and insights from the differential pressure concept will be included in our R&D activities going forward. No changes to AfB's long-term prospective, in terms of the 2024 financial goals and beyond, are expected due to this development. In 2Q this will result in a one-time cost of USD 1.9 million as we write down USD 1.6 million of the technology and USD 0.3 million of the inventory.

Airthings is continuously improving its offering for the AfB segment and expanding the product portfolio. In 1Q22 significant improvements were made to the AfB Dashboard for Building Insights, including new methods for visualizing data and the ability to tailor monitoring thresholds, improving the value proposition to businesses and schools.



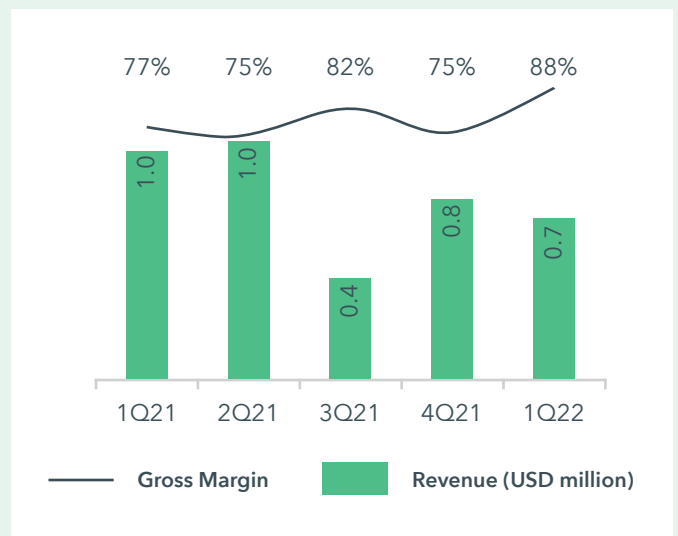


## Airthings for Professionals

Sales revenue from the PRO segment came in at USD 0.7 million, representing a reduction of 29% year-on-year. The US home inspector market continued to be challenging in 1Q22. As seen in the last quarters, the hot housing market has forced buyers to forgo home inspections to compete with other bids, which is largely due to demand for homes outpacing current inventory. An increased share of investors purchasing homes, as opposed to individuals and families, is also a contributing factor. The limited PRO sales fell approximately USD 0.4 million below expectations and management expects this tendency to continue in the short-term, with the market returning as home inspections return as a buyer requirement. Beyond the short-term, anticipated interest rate hikes in the US is likely to contribute to a cooler housing market and facilitate an increase in home inspections.

Gross profit from the Pro segment was USD 0.6 million in the quarter, reflecting 87.7% margin.

This is up 10.9%-points up since 1Q21 and 12.5%-points up from 4Q21, reflecting a strong increase in profitability despite decreasing sales. The year-on-year margin increase was driven by change in product mix, and the revenue split between rental and calibration.



Oslo, May 4, 2022



**Aksel Lund Svindal**  
Chairman of the Board



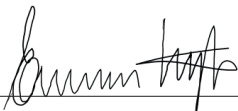
**Liv Hege Dyrnes**  
Board member



**Lars Rahbæk Boilesen**  
Board member



**Geir Førre**  
Board member



**Emma Tryti**  
Board member



**Anlaug Gårdsrud Underdal**  
Board member



**Tore Helge Rismyhr**  
Board member



**Karin Berg**  
Board member



**Øyvind Birkenes**  
CEO

# Financials



# Financial highlights (IFRS)

Key financials (USD 1,000)	1Q22	1Q21	Δ
Total revenue and other operating income	9,062	6,407	41%
Gross profit	5,327	3,811	40%
Gross margin	59%	59%	
EBITDA	-3,434	-2,645	
EBIT	-3,809	-2,935	
Profit (loss) before tax	-4,097	-3,105	
Annual Recurring Revenue	3,148	1,679	87%

## 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 8.8 million in 1Q22, up 36% YoY. The increase was primarily driven by personnel costs in accordance with the expansion plan, particularly within the sales and marketing organization. In addition, costs related to marketing and logistics contributed to a rise in other operating expenses during the quarter.

**EBITDA** came in at negative USD 3.4 million in the quarter.

**Depreciation** during 1Q22 was USD 0.4 million driven by depreciation of right-of-use assets for the period for leases recognized under IFRS 16.

**EBIT** came in at negative USD 3.8 million in 1Q22.

**Net finance** was negative USD 0.3 million in 1Q22 and consist primarily of exchange rate fluctuations between USD and NOK and interest expense on the IFRS 16 lease liability.

**Loss before taxes** was USD 4.1 million in 1Q22.

**Tax income** was USD 1.0 million in 1Q22 based on the normalized consolidated tax rate for the Group. This resulted in a net loss of USD 3.1 million in 1Q22.

## Consolidated statement of financial position

**Total assets** at the end of 1Q22 were USD 80.3 million, mainly made up of USD 35.6 million in cash and cash equivalents, as well as inventories and trade receivables. Non-current assets increased by USD 1.0 million during the quarter (increase of USD 3.6 million year-on-year). Deferred tax assets increased by USD 1.0 million to USD 5.5 million in the 1Q22. Inventory increased by USD 1.5 million during the quarter (USD 7.2 million year-on-year) due to component price increases coupled with a strategy of securing finished supply in a market experiencing global supply and logistics challenges. Trade receivable decreased by USD 1.5 million in the quarter (increase of USD 5.6 million year-on-year driven by a high number of deals closed in December).

**Total liabilities** were USD 14.8 million at the end of 1Q22. Decrease in non-current provisions is related to employee option program. Lease

liabilities reflects the non-current and current portion of the lease liability recognized for leasing of office space under IFRS 16. Other current liabilities consist of deferred revenue related to subscription service, public duty taxes, personnel related accruals and other accrued expenses during the quarter.

### **Consolidated statement of cash flows**

**Cash flow from operating activities** came in at negative USD 6.4 million in 1Q mainly driven by a loss before tax of USD 4.1 million for the quarter in addition to negative working capital due to increase in inventories and provisions of USD 1.5 million and USD 1.2 million respectively.

**Cashflow from investment activities** was negative USD 0.6 million in 1Q22 driven mainly by internally generated intangible assets, purchase of software, production tooling and office equipment.

**Cashflow from financing activities** was marginal at negative USD 0.1 million in 1Q22 mainly related to payments of lease liabilities.

Total cash flow was hence negative USD 7.1 million and Airthings cash at end of the quarter was USD 35.6 million.



# Consolidated statement of profit or loss

Amounts in USD 1,000	Notes	1Q 2022	1Q 2021
Revenues	4, 5	9,062	6,407
Other operating income		0	0
<b>Total revenue and other operating income</b>		<b>9,062</b>	<b>6,407</b>
Cost of goods sold		3,735	2,596
Employee benefit expenses	6	4,432	3,330
Other operating expenses	6	4,329	3,126
<b>Operating profit or loss before depreciation &amp; amortization (EBITDA)</b>		<b>-3,434</b>	<b>-2,645</b>
Depreciation and amortization	7	375	291
<b>Operating profit or loss (EBIT)</b>		<b>-3,809</b>	<b>-2,935</b>
Finance income		0	0
Finance costs		288	170
<b>Net financial items</b>		<b>-288</b>	<b>-170</b>
<b>Profit (loss) before tax</b>		<b>-4,097</b>	<b>-3,105</b>
Income tax expense		-966	194
<b>Profit (loss) for the period</b>		<b>-3,131</b>	<b>-3,299</b>
<b>Profit (loss) for the year attributable to:</b>			
Equity holders of the parent company		-3,131	-3,299
<b>Earnings per share:</b>			
Basic earnings per share	9	-0.02	-0.02
Diluted earnings per share	9	-0.02	-0.02

# Consolidated statement of comprehensive income

Amounts in USD 1,000	1Q 2022	1Q 2021
<b>Profit (loss) for the period</b>	<b>-3,131</b>	<b>-3,299</b>
<b>Other comprehensive income:</b>		
<i>Items that subsequently will not be reclassified to profit or loss:</i>		
Exchange differences on translation of parent company	530	45
<b>Total items that may be reclassified to profit or loss</b>	<b>530</b>	<b>45</b>
<i>Items that subsequently may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	-1	0
<b>Total items that may be reclassified to profit or loss</b>	<b>-1</b>	<b>0</b>
<b>Other comprehensive profit (loss) for the period</b>	<b>529</b>	<b>45</b>
<b>Total comprehensive profit (loss) for the period</b>	<b>-2,602</b>	<b>-3,255</b>
<b>Total comprehensive profit (loss) attributable to:</b>		
Equity holders of the parent company	-2,602	-3,255

# Consolidated statement of financial position

Amounts in USD 1,000	Notes	31.03.2022	31.03.2021	31.12.2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	7	3,236	3,320	3,210
Intangible assets	7	2,884	2,345	2,495
Deferred tax assets		5,523	2,723	4,509
Property, plant and equipment		893	712	809
Right-of-use assets		4,160	3,487	4,241
Other non-current assets	10	682	1,177	1,075
<b>Total non-current assets</b>		<b>17,377</b>	<b>13,765</b>	<b>16,339</b>
<b>Current assets</b>				
Inventories		12,947	5,706	11,429
Trade receivables		10,321	4,741	11,850
Other receivables		4,004	2,547	1,889
Cash and cash equivalents		35,607	58,413	42,174
<b>Total current assets</b>		<b>62,879</b>	<b>71,407</b>	<b>67,342</b>
<b>TOTAL ASSETS</b>		<b>80,256</b>	<b>85,172</b>	<b>83,680</b>

Amounts in USD 1,000	Notes	31.03.2022	31.03.2021	31.12.2021
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	190	189	190
Share premium		78,784	78,532	78,669
Other capital reserves		1,814	1,235	1,704
Other equity		-15,323	-6,363	-12,721
<b>Total equity</b>		<b>65,465</b>	<b>73,593</b>	<b>67,842</b>
<b>Non-current liabilities</b>				
Non-current lease liabilities		3,636	3,176	3,803
Deferred tax liabilities		0	334	0
Non-current provisions	10	682	1,153	1,090
<b>Total non-current liabilities</b>		<b>4,317</b>	<b>4,663</b>	<b>4,892</b>
<b>Current liabilities</b>				
Current lease liabilities		779	475	670
Trade and other payables		7,173	4,395	7,027
Contract liabilities		963	618	894
Income tax payable		10	4	27
Current provisions		1,550	1,424	2,328
<b>Total current liabilities</b>		<b>10,473</b>	<b>6,916</b>	<b>10,946</b>
<b>Total liabilities</b>		<b>14,791</b>	<b>11,579</b>	<b>15,838</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80,256</b>	<b>85,172</b>	<b>83,680</b>

Oslo, May 4, 2022

**Aksel Lund Svindal**  
Chairman of the Board

**Liv Hege Dyrnes**  
Board member

**Lars Rahbæk Boilesen**  
Board member

**Geir Førre**  
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**Emma Tryti**  
Board member

**Anlaug Gårdsrud Underdal**  
Board member

**Tore Helge Rismyhr**  
Board member

**Karin Berg**  
Board member

**Øyvind Birkenes**  
CEO

# Consolidated statement of cash flows

Amounts in USD 1,000	Notes	Q1 2022	Q1 2021
<b>Cash flows from operating activities</b>			
<b>Profit (loss) before tax</b>		<b>-4,097</b>	<b>-3,105</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Net financial items		288	170
Depreciation and amortization	7	375	291
Share-based payment expense	10	110	139
<i>Working capital adjustments:</i>			
Changes in inventories		-1,518	-1,012
Changes in trade and other receivables		-587	1,752
Changes in trade and other payables and contract liabilities		215	452
Changes in provisions		-1,185	-1,220
<i>Other items</i>			
Tax paid		0	1
<b>Net cash flows from operating activities</b>		<b>-6,400</b>	<b>-2,533</b>
<b>Cash flows from investing activities</b>			
Development expenditures	7	-477	-210
Purchase of property, plant and equipment		-144	0
<b>Net cash flow from investing activities</b>		<b>-620</b>	<b>-210</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of equity	8	115	60
Repayment of borrowings		0	-1,901
Payments for the principal portion of the lease liability		-184	-130
Payments for the interest portion of the lease liability		-57	-48
Interest paid		0	-4
<b>Net cash flows from financing activities</b>		<b>-126</b>	<b>-2,023</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-7,146</b>	<b>-4,766</b>
Cash and cash equivalents beginning of the period		42,174	62,943
Net foreign exchange difference		578	235
<b>Cash and cash equivalents at 31 March</b>		<b>35,607</b>	<b>58,413</b>



# Consolidated statement of changes in equity

Amounts in USD 1,000				Other equity		Total equity
	Share capital	Share premium	Other capital reserves	Cumulative translation differences	Retained earnings	
<b>Equity 31 December 2020</b>	<b>188</b>	<b>78,472</b>	<b>1,096</b>	<b>4,314</b>	<b>-7,422</b>	<b>76,648</b>
Profit (loss) for the period					-3,299	-3,299
Other comprehensive profit (loss)				45		45
<b>Total comprehensive profit (loss)</b>				<b>45</b>	<b>-3,299</b>	<b>-3,255</b>
Capital increase (note 8)	1	60				60
Share-based payments (note 10)			139			139
<b>Equity 31 March 2021</b>	<b>189</b>	<b>78,532</b>	<b>1,235</b>	<b>4,359</b>	<b>-10,721</b>	<b>73,593</b>

Amounts in USD 1,000				Other equity		Total equity
	Share capital	Share premium	Other capital reserves	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					-3,131	-3,131
Other comprehensive profit (loss)				529		529
<b>Total comprehensive profit (loss)</b>				<b>529</b>	<b>-3,131</b>	<b>-2,602</b>
Capital increase (noe 8)	1	115				115
Share-based payments (note 10)			110			110
<b>Equity as at 31 March 2022</b>	<b>190</b>	<b>78,784</b>	<b>1,814</b>	<b>2,491</b>	<b>-17,814</b>	<b>65,465</b>

# Notes

## Note 1: Corporate information

Airthings ASA ("the Company") is a publicly listed company on Euronext Growth, 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 March 2022 were authorized for issue in accordance with a resolution of the Board of Directors on 4 May 2022.

Reference is made to note 4.1 in the Group's consolidated financial statements for the year ended 31 December 2021 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' 2021 consolidated financial statements as at 31 December 2021. 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 2021. 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 Group has so far seen limited business impact related to the Covid-19 pandemic as the consumer demand for its products has in some cases increased due to elevated air quality awareness. In other instances, Covid-19 has led to a pressed semiconductor market which has resulted in increased component prices and delivery delays as production capacity has been held back by component shortage. Also, the pandemic has led to slowed retail

store roll-out and limited access to buildings for the business segment. The Board continues to monitor the situation carefully to ensure appropriate measures are taken as the situation continues to unfold during 2022.

#### *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.

#### *War in Ukraine*

The escalation of the conflict between Russia and Ukraine which led to armed conflicts in Ukraine on 24 February, 2022 has created uncertainty regarding the development of the global economy. The evolving conflict does currently not 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.

#### *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 March, 2022. 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 March, 2022 there is no impact on the Group's assets or liabilities.

### **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 2021. From January 2022, the Group has started to capitalize certain development costs which meet the criteria for capitalization under IAS 38 Intangible Assets. Capitalization of development costs requires management to make accounting judgements which may have a significant effect on the amounts recognized in the Group's interim consolidated financial statements.

#### 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 and adjustments/eliminations

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 "Adjustments/eliminations" column in the tables below consists of IFRS adjustments that are not included as part of the segment reporting to the Board. The adjustment of USD 482 thousands (Q1 2021: USD 342 thousands) is related to consideration payable to a customer which was previously recognized as OPEX under NGAAP. Under IFRS, this is accounted for as a reduction of revenue.

The adjustment of USD 1,325 thousands (Q1 2021: USD 1,295 thousands) reflects the reversal of lease expenses for the Group's operating leases under NGAAP (Q1 2022: USD 241 thousands, Q1 2021: USD 178 thousands), in addition to the reclass from OPEX to a reduction of revenue (Q1 2022: USD 1,084 thousands, Q1 2021: USD 1,117 thousands). The IFRS adjustments are mainly related to the Consumer segment.

1Q 2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/eliminations	Consolidated IFRS
<b>REVENUES &amp; PROFIT</b>						
External customers	6,616	2,240	687		-482	9,062
Other operating income						
<b>Total revenue</b>	<b>6,616</b>	<b>2,240</b>	<b>687</b>		<b>-482</b>	<b>9,062</b>
Cost of goods sold	2,763	887	84			3,735
Employee benefit expenses	493	1,054	30	2,856		4,432
Other operating expenses	812	368	84	4,390	-1,325	4,329
<b>EBITDA</b>	<b>2,548</b>	<b>-69</b>	<b>489</b>	<b>-7,246</b>	<b>844</b>	<b>-3,434</b>

1Q 2021 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/ eliminations	Consolidated IFRS
<b>REVENUES &amp; PROFIT</b>						
External customers	4,662	1,116	971		-342	6,407
Other operating income						
<b>Total revenue</b>	<b>4,662</b>	<b>1,116</b>	<b>971</b>		<b>-342</b>	<b>6,407</b>
Cost of goods sold	1,888	483	225			2,596
Employee benefit expenses	356	622	32	2,321		3,330
Other operating expenses	408	105	51	3,856	-1,295	3,126
<b>EBITDA</b>	<b>2,010</b>	<b>-95</b>	<b>663</b>	<b>-6,176</b>	<b>953</b>	<b>-2,645</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 2.2 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:

Revenues (USD 1,000)	1Q 2022	1Q 2021
Revenue from contracts with customers	8,943	6,292
Rental income	119	115
<b>Total revenues</b>	<b>9,062</b>	<b>6,407</b>

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

Geographical information (USD 1,000)	1Q 2022	1Q 2021
EMEA	3,656	2,498
North America (USA and Canada)	5,287	3,794
<b>Total revenue from contracts with customers</b>	<b>8,943</b>	<b>6,292</b>

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

Timing of revenue recognition (USD 1,000)	1Q 2022	1Q 2021
Goods transferred at a point in time	8,306	6,029
Subscription and services transferred over time	637	264
<b>Total revenue from contracts with customers</b>	<b>8,943</b>	<b>6,292</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.

Operating expenses (USD 1,000)	1Q 2022	1Q 2021
Sales and marketing	4,693	3,411
Research and development	2,048	1,915
General and administrative	2,020	1,129
<b>Total operating expenses</b>	<b>8,761</b>	<b>6,456</b>
Number of employees	148	113

## Note 7: Intangible assets

### 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)	Internally generated intangible assets	Software & systems	Technology	Goodwill	Total
<b>Acquisition cost as at 31 December 2020</b>		<b>741</b>	<b>1,770</b>	<b>3,320</b>	<b>5,830</b>
Additions					
Currency translation effects					
<b>Acquisition cost as at 31 March 2021</b>		<b>741</b>	<b>1,770</b>	<b>3,320</b>	<b>5,830</b>
<b>Acquisition cost as at 31 December 2021</b>		<b>1,129</b>	<b>1,864</b>	<b>3,210</b>	<b>6,203</b>
Additions	401	76			477
Currency translation effects		12	14	26	52
<b>Acquisition cost as at 31 March 2022</b>	<b>401</b>	<b>1,218</b>	<b>1,877</b>	<b>3,236</b>	<b>6,732</b>
<b>Accumulated amortization as at 31 December 2020</b>		<b>119</b>	<b>45</b>		<b>164</b>
Amortization charge for the period					
Currency translation effects					
<b>Accumulated amortization as at 31 March 2021</b>		<b>119</b>	<b>45</b>		<b>164</b>
<b>Accumulated amortization as at 31 December 2021</b>		<b>282</b>	<b>217</b>		<b>498</b>
Amortization charge for the period		64	43		106
Currency translation effects		7	1		8
<b>Accumulated amortization as at 31 March 2022</b>		<b>353</b>	<b>260</b>		<b>613</b>
<b>Net book value:</b>					
<b>At 31 March 2021</b>		<b>621</b>	<b>1,724</b>	<b>3,320</b>	<b>5,666</b>
<b>At 31 December 2021</b>		<b>848</b>	<b>1,647</b>	<b>3,210</b>	<b>5,704</b>
<b>At 31 March 2022</b>	<b>401</b>	<b>865</b>	<b>1,617</b>	<b>3,236</b>	<b>6,120</b>

Economic life (years)

5                      5                      10    Indefinite

Depreciation plan

Straight-line

## Note 8: 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 2020</b>	<b>170,605,637</b>	<b>0.01</b>	<b>188</b>
Share capital increase - February 2021	523,400	0.01	1
<b>At 31 March 2021</b>	<b>171,129,037</b>	<b>0.01</b>	<b>189</b>
Share capital increase - April 2021	112,900	0.01	0
Share capital increase - July 2021	289,600	0.01	0
Share capital increase - October 2021	284,900	0.01	0
<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
<b>At 31 March 2022</b>	<b>172,366,837</b>	<b>0.01</b>	<b>190</b>

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 price March 31, 2022 (NOK)	8.05
Market capitalization March 31, 2022 (NOK million)	1,388

**The Group's shareholders:**

<b>Shareholders in Airthings ASA at 31 March 2022</b>	<b>Total shares</b>	<b>Ownership/Voting rights</b>
Firda AS	26,206,543	15%
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%
J.P. Morgan SE	4,531,472	3%
Bjørn Magne Sundal	4,364,999	3%
Koki Yoshioka	4,166,650	2%
Verdipapirfondet Storebrand Norge	4,075,537	2%
JPMorgan Chase Bank	4,000,000	2%
Verdipapirfondet EIKA Spar	3,382,067	2%
Skandinaviska Enskilda Banken AB	3,025,292	2%
Skilling Systemer AS	3,000,000	2%
Danske Invest Norge Vekst	2,962,962	2%
Møsbu AS	2,814,236	2%
Longfellow Invest AS	2,453,534	1%
Nore-Invest AS	2,450,659	1%
Storlien Invest AS	2,427,533	1%
Other	68,832,924	40%
<b>Total</b>	<b>172,366,837</b>	<b>100%</b>

Shareholders in Airthings ASA at 31 December 2021	Total shares	Ownership/Voting rights
Firda AS	25,826,543	15%
Verdipapirfondet KLP AksjeNorge	7,762,222	5%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,879,522	3%
Erlend Peter Johnsen Bolle	4,819,722	3%
Victoria India Fund AS	4,558,131	3%
J.P. Morgan Bank Luxembourg S.A.	4,433,967	3%
Bjørn Magne Sundal	4,364,999	3%
Koki Yoshioka	4,166,650	2%
JPMorgan Chase Bank	4,000,000	2%
Verdipapirfondet EIKA Spar	3,382,067	2%
Skandinaviska Enskilda Banken AB	3,025,292	2%
Skilling Systemer AS	3,000,000	2%
Danske Invest Norge Vekst	2,962,962	2%
Møsbu AS	2,814,236	2%
Verdipapirfondet Storebrand Norge	2,657,876	2%
Longfellow Invest AS	2,453,534	1%
Nore-Invest AS	2,450,659	1%
Storlien Invest AS	2,427,533	1%
Other	70,392,690	41%
<b>Total</b>	<b>171,816,437</b>	<b>100%</b>



## Note 9: Earnings per share

(Profit or loss in USD)	1Q 2022	1Q 2021
Profit or loss attributable to ordinary equity holders - for basic EPS	-3,131,194	-3,299,148
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-3,131,194	-3,299,148
Weighted average number of ordinary shares - for basic EPS	172,088,545	170,923,206
Weighted average number of ordinary shares adjusted for the effect of dilution	177,986,048	178,464,695
<b>Basic EPS - profit or loss attributable to equity holders of the parent</b>	<b>-0.02</b>	<b>-0.02</b>
<i>Diluted EPS - profit or loss attributable to equity holders of the parent*</i>	<b>-0.02</b>	<b>-0.02</b>

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

## Note 10: 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 March 2022, the Group had 9 404 318 outstanding options with a weighted average strike price of NOK 3.57. Reference is made to note 6.8 of Airthings' 2021 consolidated financial statements for a description of the Group' share option plans.

During Q1 2022, 211 830 share options were granted to key employees and members of the Board under the Group's share option plan from 2021. The fair value of the options granted during the three months ended 31 March 2022 was estimated on the date of grant using the following assumptions:

For the three months ended 31 March 2022, the Group has recognized USD 110 thousands of share-based payment expense in the statement of profit or loss (31 March 2021: USD 139 thousands).

As at 31 March 2022, the Group has recognized a social security provision for share-based payment of USD 682 thousands (31 December 2021: USD 1,090 thousands).

## **Note 11: Events after the reporting period**

### **Adjusting events**

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

### **Non-adjusting events**

The Airtight acquisition in 2020 fast-forwarded our focus and understanding on how air quality monitoring can save energy in buildings. However, after a thorough pilot process Airthings has recently decided to not sell Airtight hardware as a separate product, but rather continue to help customers achieve energy savings through current AfB solution. Airthings sees major optimization opportunities to make existing buildings both smarter and more energy efficient, and the insights gleaned from the differential pressure concept will inform R&D efforts for the AfB portfolio going forward. No changes to AfB's long-term prospects, in terms of the 2024 financial goals and beyond, are expected due to this development. In 2Q this will result in a one-time cost of USD 1.9 million as we write down USD 1.6 million of the technology and USD 0.3 million of the inventory.

# 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 Q1 2022 and Q1 2021 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)	1Q 2022	1Q 2021
MRR March	262	140
<b>ARR</b>	<b>3,148</b>	<b>1,679</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)	1Q 2022	1Q 2021
Revenue	9,062	6,407
<b>EBITDA</b>	<b>-3,434</b>	<b>-2,645</b>
<b>EBITDA margin</b>	<b>-38%</b>	<b>-41%</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.

Gross profit margin (USD 1,000)	1Q 2022	1Q 2021
Revenue	9,062	6,407
Cost of goods sold	3,735	2,596
<b>Gross profit</b>	<b>5,327</b>	<b>3,811</b>
<b>Gross profit margin</b>	<b>59%</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.





# AIRTHINGS

**Breathe better. Live better.**