



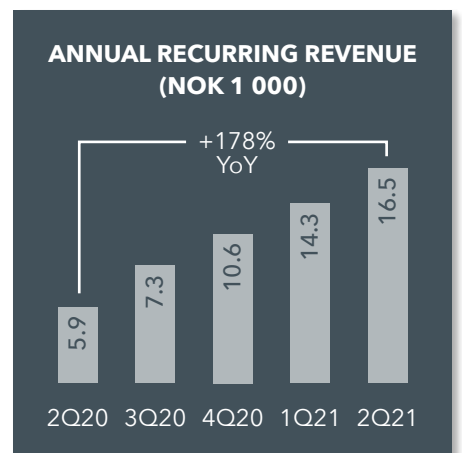
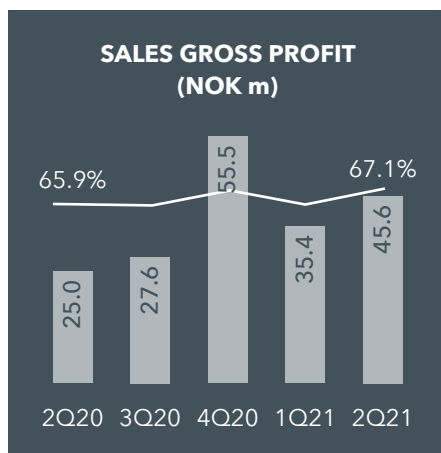
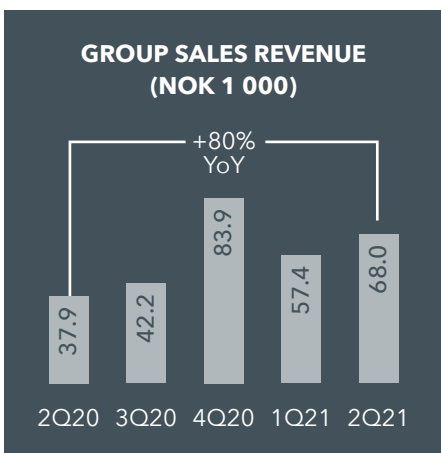
**AIRTHINGS**



# **REPORT 2Q21**

# Key highlights

<p><b>1</b></p> <p>2Q sales revenue of <b>NOK68.0m</b> up 80% YoY</p>	<p><b>2</b></p> <p>2Q sales gross profit of <b>NOK45.6m</b> gross profit margin of 67%</p>	<p><b>3</b></p> <p>Total ARR reached <b>NOK16.5m</b> by end of 2Q, up 178% YoY</p>
<p><b>4</b></p> <p>Rolling out in more than <b>3 000 CVS stores</b> raising total store count to more than 5 500</p>	<p><b>5</b></p> <p>Contract signed with <b>Carrier Corporation</b> significantly increasing footprint for AfB</p>	
<p><b>6</b></p> <p>Airthings for Business (AfB) sales revenue <b>up 284% YoY</b> 75% of sales is through our partner network</p>	<p><b>7</b></p> <p><b>View Plus is shipping to customers</b> while backlog is increasing significantly</p>	



# Operational review

Airthings reported sales revenue of NOK68.0m in 2Q21, representing a YoY growth of 80%. For 1H21, the sales revenue is up 42% YoY to NOK125.5m. The 2Q21 sales revenue growth was mainly driven by the Consumer segment with strong sales into our existing channels as well as new store roll-outs, and View Plus shipments of pre-orders. Airthings for Business (AfB) grew significantly, and most of the sales came from the partner-network. The Pro segment also experienced strong growth. The solid footprint in the US continues as the geographic revenue split for the quarter was 74% and 26% in the Americas and EMEA regions respectively.

Sales Gross Profit came in at NOK45.6m reflecting a gross profit margin (GPM) of 67.1%, up 1.2%-points YoY, and up 5.5%-points from 1Q21. For 1H21, the sales GPM was 64.5%. The 2Q21 margin expansion is mainly due to higher share of high-margin service revenue from the AfB and Pro segment, as well as product mix, partly offset by higher component prices due to the shortage in the semiconductor market. Airthings is continuously monitoring the component market in order to secure production going forward, and higher component prices are still expected for the remainder of 2021.

ARR came in at NOK16.5m at the end of 2Q, representing a growth of 178% YoY. The growth is primarily driven by the AfB segment which is up >300% YoY.

KEY FINANCIALS (NOKm)	2Q21	2Q20	YTD 2021	YTD 2020
Sales revenue	68.0	37.9	125.5	88.3
Other revenue	0.2	0.3	0.2	0.6
Total revenue	68.2	38.2	125,7	88.9
Sales Gross Profit	45.6	25.0	81,0	60.3
Sales Gross Margin	67.1%	65.9%	64.5%	68.3%
Annual Recurring Revenue	16.5	5.9		

## Brand awareness

Airthings continues to build on a strong global brand, and one of the measures is the traffic to the website. YoY, Unique Web Visitors grew by 54% reaching more than 381 000 in the quarter, and up 94% YoY for 1H. The QoQ decline is mainly due to the launch of View Plus in 1Q21 driving high traffic with significant marketing activities, PR, but also seasonal effects.



## Outlook and guidance

Since the launch in March, the backlog for View Plus for Consumer and View Plus for Business have increased significantly. While View Plus started shipping in June, the majority of the orders will be shipped in 3Q21 giving a better revenue visibility for the coming quarter. Global shortage in

semiconductor market is challenging and will affect GPM by about 3% points in 3Q. Priority is to secure supply.

3Q21 sales revenue and ARR are estimated to come in at NOK80-90m and NOK18-23m, respectively. While we reiterate full-year sales revenue, delayed roll-out of Airtight technology is affecting 2H ARR vs our plan. We expect ARR growth to increase further in 2H, but we reduce the ARR guided window for 2021 by 5m to 27m-35m.

NOKm	SALES REVENUE AND ARR GUIDANCE	
	3Q21	FY21
Sales revenue	80-90	315-345
ARR	18-23	27-35

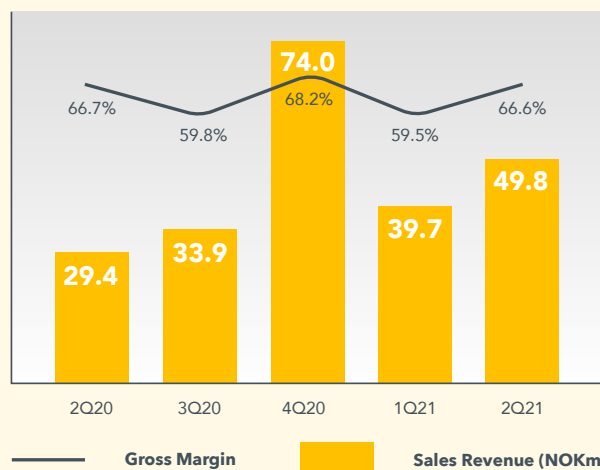
# Segment overview

## Airthings for Consumer

Consumer sales revenue came in at NOK49.8m in the quarter, representing a YoY growth of 69%. During the quarter, Airthings completed a successful Deal of the Day on Amazon, selling more than 5 000 Airthings Home in one day. While sales of Wave Plus have been weaker as many customers have been waiting for View Plus, we still see strong growth in sell-through from e-commerce and retail partners. Furthermore, Wave Mini was rolled out in more than 3 000 CVS stores in addition to 789 Walmart stores across the US during the quarter. As a result, retail store count increased significantly with Airthings products now available in more than 5 500 stores across the globe.

Gross profit for Consumer in 2Q came in at NOK33.2m, reflecting a margin of 66.6% which

is largely unchanged YoY. Due to the supply constraints in the semiconductor market, slightly elevated component prices are expected short to medium term which will put some pressure on product margins going forward.



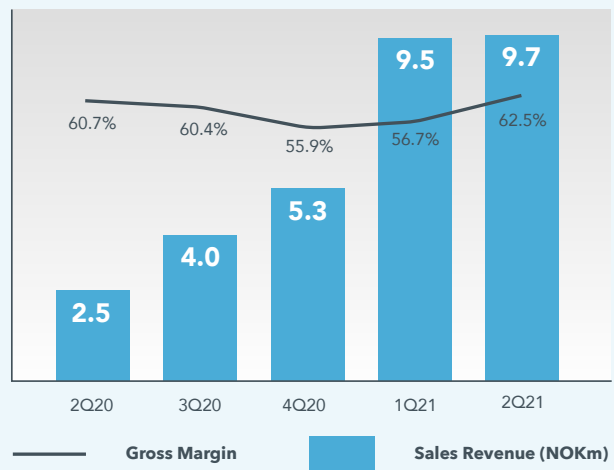
## Airthings for Business (AfB)

Airthings for Business sales revenue came in at 9.7m in the quarter, representing 284% growth YoY. During the quarter, AfB continued to expand its partner network. The revenue for the quarter was split 75% and 25% between partners and direct. Airthings for Business total deals for the quarter reached 212, with an average deal size of NOK45k, representing a YoY growth of 120% and 73%, respectively.

Gross profit for Airthings for Business came in at NOK6.1m in 2Q, reflecting a margin of 62.5%, up 1.7%-points YoY. The margin expansion is driven by increased share of service revenue.

A major strategic agreement was signed in July with Carrier Corporation (NYSE: CARR). Carrier is a global leader in the heating and air conditioner market and in fire and security technologies. Going forward, Airthings' AfB products will be

distributed to more than 800 of Carrier's Edwards resellers and also be offered through their new Carrier Abound platform. The integration between Airthings and Carrier's technologies represents tremendous progress towards making air quality monitoring a critical component of every building and as ubiquitous as the everyday smoke detector.

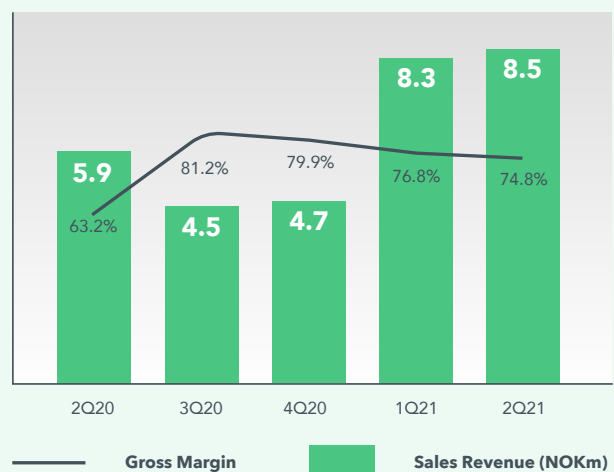


## Airthings for Pro

2Q21 sales revenue from the PRO segment grew to NOK8.5m, up 45% YoY. The home inspector market was challenging in 2Q as the strong housing market has led to more home buyers skipping the home inspection to secure a fast purchase ahead of competition. However, Airthings was able to keep growing the market share through targeted digital campaigns, and through offering our solutions to a wider part of the market (American Association of Radon Scientists and Technologists (AARST) and National Radon Safety Board (NRSB)).

The Pro gross profit came in at NOK6.4m during the quarter, reflecting a margin of 74.8%, up 11.7%-points YoY. The significant margin

expansion is driven by a combination of higher product and service margin.



Oslo, July 28, 2021



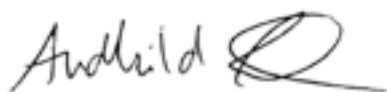
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**Aksel Lund Svindal**  
Chair



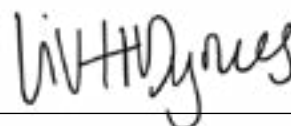
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**Geir Førre**  
Board Member



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**Audhild Andersen Randa**  
Board member



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**Liv Dyrnes**  
Board member



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**Lars Boilesen**  
Board member



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**Anlaug Underdal**  
Board member, employee



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**Tore Rismyhr**  
Board member, employee

# Financials



# Financial highlights

## PROFIT & LOSS

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

**Operating expenses** for the group came in at NOK63.8m in 2Q, up 80% YoY. The increase is driven by personnel growth according to expansion plan, especially within the sales organization. In addition, costs related to marketing, campaigns, and office expansion contributed to growth in other operating expenses during the quarter.

**EBITDA** came in at negative NOK18.0m in the quarter. The negative result is in accordance with the expansion plan.

**Depreciation** during 2Q was NOK2.7m, driven by the acquisition of Airtight. Airthings completed a full purchase price allocation (PPA) during the quarter allocating the Airtight price to R&D and Goodwill (note 5).

**EBIT** came in at negative NOK20.7m in 2Q20.

**Net finance** was positive NOK1.4m in 2Q where interest income on fix-rate deposit, coupled with FX gain were the main contributors.

## BALANCE SHEET

**Total assets** at the end of 2Q were NOK681.6m, mainly made up of cash and cash equivalents at NOK462.2m. Long-term receivables decreased by NOK2.9m during the quarter (NOK5.5m in 1H) due to share price reduction effect on employer's tax related to employee option program. Inventory increased by NOK7.5m during the

quarter (NOK14.0m in 1H) as component prices have increased coupled with a strategy of securing supply in a pressed semiconductor market. Accounts receivable increased by NOK21.8m in the quarter (NOK2.2m in 1H) driven by a high number of deals closed in June, among them the Amazon pushed order, mentioned in the 1Q21 report.

**Total liabilities** were NOK71.9m at the end of 2Q. Reduction in other provisions is related to employee option program. Deferred tax liability of NOK2.8m is a result of the PPA related to the Airtight acquisition. Other current liabilities increased as a result of growth in deferred revenue related to subscription service, pre-orders on View Plus, holiday pay, and other accrued expenses during the quarter.

## CASH FLOW

**Cashflow from operating activities** came in at negative NOK34.3m in 2Q mainly driven by a net loss for the quarter coupled with increase in working capital mainly due to securing of inventory coupled with a large share of deals in June increasing accounts receivable.

**Cashflow from investment activities** was negative NOK1.6m in 2Q driven mainly by production tooling expenses and office equipment.

**Cashflow from financing activities** was marginal at NOK0.2m in 2Q related to exercising of employee options.

Airthings cash at end of the quarter was NOK462.2m



# Consolidated financial information

		Unaudited	Unaudited	Unaudited	Unaudited	Restated*
<b>Consolidated income statement (NOKm)</b>	<b>Notes</b>	<b>2Q21</b>	<b>2Q20</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
Sales revenue	3	68.0	37.9	125.5	88.3	214.5
Other revenue		0.2	0.3	0.2	0.6	1.2
<b>Total revenue</b>		<b>68.2</b>	<b>38.2</b>	<b>125.7</b>	<b>88.9</b>	<b>215.7</b>
Cost of sales		22.4	12.9	44.5	28.0	71.1
<b>Gross profit</b>		<b>45.8</b>	<b>25.2</b>	<b>81.2</b>	<b>60.9</b>	<b>143.5</b>
Gross Margin		67.4%	65.9%	64.7%	68.3%	66.8%
Payroll expenses	6	31.2	20.6	59.6	39.8	85.6
Other operating expenses		32.6	14.9	70.3	42.2	108.2
<b>EBITDA</b>		<b>-18.0</b>	<b>-10.3</b>	<b>-48.6</b>	<b>-21.2</b>	<b>-49.3</b>
Depreciation and amortization	5	2.7	0.5	5.3	1.0	4.8
<b>Operating profit / EBIT</b>		<b>-20.7</b>	<b>-10.8</b>	<b>-53.9</b>	<b>-22.2</b>	<b>-54.0</b>
Financial income		1.4	0.1	0.4	3.5	0.2
Financial expenses			0.2	0.0	0.5	4.9
Financial income / expenses - net		1.4	-0.2	0.3	3.0	-4.7
<b>Profit (loss) before tax</b>		<b>-19.4</b>	<b>-11.0</b>	<b>-53.6</b>	<b>-19.2</b>	<b>-58.8</b>
Income tax		-0.1	0.0	-0.1	0.0	-19.0
<b>Net profit (loss)</b>		<b>-19.3</b>	<b>-11.0</b>	<b>-53.5</b>	<b>-19.2</b>	<b>-39.8</b>
<b>Earnings per share (NOK)**</b>						
Basic earnings per share		-0.11	-0.09	-0.31	-0.16	-0.30
Diluted earnings per share		-0.11	-0.09	-0.31	-0.16	-0.30

\* Measurement period adjustments Airtight purchase price allocation. See note 5 for further information.

\*\*EPS is calculated using post-split average shares outstanding for the period. Split of 200 was completed October 2020.

# Balance sheet

Consolidated balance sheet (NOKm)	Notes	Unaudited	Restated*
		30.06.2021	31.12.2020
<b>Assets</b>			
Research & development	5	13.9	14.7
Software and systems		5.4	5.2
Deferred tax asset		22.9	22.9
Goodwill	5	23.6	26.4
Tangible assets		6.5	5.1
Long-term receivables		7.7	13.0
<b>Total non-current assets</b>		<b>80.0</b>	<b>87.3</b>
Inventory		54.1	40.1
Accounts receivables		61.9	59.7
Other short term receivables		23.4	17.4
Cash and cash equivalents		462.2	537.0
<b>Total current assets</b>		<b>601.6</b>	<b>655.3</b>
<b>Total assets</b>		<b>681.6</b>	<b>741.6</b>
<b>Equity and liabilities</b>			
Share capital		1.7	1.7
Other equity		608.0	658.4
<b>Total equity</b>		<b>609.7</b>	<b>660.1</b>
Other provisions		7.0	12.3
Deferred tax liability	5	2.8	2.9
<b>Total non-current liabilities</b>		<b>9.8</b>	<b>15.2</b>
Accounts payable		23.8	23.8
Tax payable		0.1	
Public duties payable		7.5	7.6
Interest bearing short-term debt			16.2
Other short-term debt		30.6	18.6
<b>Total current liabilities</b>		<b>62.1</b>	<b>66.2</b>
<b>Total equity and liabilities</b>		<b>681.6</b>	<b>741.6</b>

\* Measurement period adjustments Airtight purchase price allocation. See note 5 for further information.

# Consolidated statement of changes in equity

	Share capital	Treasury shares	Premium reserve	Other paid-in equity	Other equity	Total equity
<b>Equity as of 01/01/2020 (NOKm)</b>	<b>0.6</b>	<b>0.0</b>	<b>91.7</b>	<b>5.6</b>	<b>0.0</b>	<b>97.8</b>
Sale of treasury shares		0.0			1.7	1.7
Capital increase	1.1		619.8		-25.1	595.8
Share based payments				4.3	0.4	4.7
Result for the period					-39.8	-39.8
Translation differences					-0.1	-0.1
<b>Equity as of 31/12/2020 (NOKm)</b>	<b>1.7</b>	<b>0.0</b>	<b>711.5</b>	<b>9.9</b>	<b>-62.9</b>	<b>660.1</b>

	Share capital	Treasury shares	Premium reserve	Other paid-in equity	Other equity	Total equity
<b>Equity as of 01/01/2021 (NOKm)</b>	<b>1.7</b>	<b>0.0</b>	<b>711.5</b>	<b>9.9</b>	<b>-62.9</b>	<b>660.1</b>
Capital increase	0.0		0.7			0.7
Share based payment				2.3		2.3
Result for the period					-53.5	-53.5
Translation differences					0.1	0.1
<b>Equity as of 30/06/2021 (NOKm)</b>	<b>1.7</b>	<b>0.0</b>	<b>712.1</b>	<b>12.3</b>	<b>-116.4</b>	<b>609.7</b>

# Statement of cash flows

	Unaudited 2021	Unaudited 2Q20	Unaudited YTD 2021	Unaudited YTD 2020
<b>Consolidated cash flow statement (NOKm)</b>				
<b>Operating activities</b>				
Profit before tax	-19.4	-11.0	-53.6	-19.2
Depreciation and amortization	2.7	0.5	5.3	1.0
Non-cash expenses related to shared based payment program	1.2	1.1	2.3	2.1
Change in inventories, trade receivables and payables	-29.6	13.2	-16.1	9.7
Other operations related adjustments	10.8	-10.2	6.2	-2.5
<b>Net cash-flow from operating activities</b>	<b>-34.3</b>	<b>-6.4</b>	<b>-55.9</b>	<b>-8.8</b>
<b>Investing activities</b>				
Intangible assets	-0.6	-0.8	-0.9	-1.5
Equipment held for rental	0.0		-0.3	-0.2
Other CAPEX	-1.1	-0.3	-2.2	-1.9
<b>Net cash-flow from investment activities</b>	<b>-1.6</b>	<b>-1.1</b>	<b>-3.4</b>	<b>-3.7</b>
<b>Financing activities</b>				
Change in long term debt / Settlement of loans			-16.2	-0.8
Change in equity	0.1	60.0	0.7	60.6
<b>Net cashflow from financing activities</b>	<b>0.1</b>	<b>60.0</b>	<b>-15.6</b>	<b>59.7</b>
<b>Net change in cash and cash equivalents</b>	<b>-35.7</b>	<b>52.5</b>	<b>-74.8</b>	<b>47.3</b>
Cash and cash equivalents at start of period	498.0	43.8	537.0	49.1
<b>Cash and cash equivalents at end of period</b>	<b>462.2</b>	<b>96.4</b>	<b>462.2</b>	<b>96.4</b>

# Notes

## Note 1: General information

Airthings ASA is parent company of the Group, public limited company incorporated and domiciled in Norway with head office in Wergelandsveien 7, 0167 Oslo. Airthings ASA is listed on the Euronext Growth under the ticker AIRX.

These interim consolidated financial statements have been approved for issuance by the board of directors on July 28, 2021. The condensed interim financial statements are unaudited.

## Note 2: Basis for preparation

The interim consolidated financial statements for the second quarter and first half, ended June 30, 2021 were prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway. 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 the Group's annual report for 2020.

The accounting policies adopted in the interim financial statements are consistent with the standards and interpretations followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020.

## Note 3: Revenue segment information

Airthings recognizes revenue from three segments: Consumer (B2C); Airthings for Business (AfB); and Pro. Consumer offers products and solutions mainly for the household market. AfB offers products and solutions to office buildings, schools, governmental buildings, etc. Pro offers products and solutions mainly directed towards the home inspector market in the Americas region and to radon professionals.

### Note 3 - Segment information

Sales revenue (NOKm)	2Q21	1Q21	4Q20	3Q20	2Q20
Consumer	49.8	39.7	74.0	33.9	29.4
AfB	9.7	9.5	5.3	4.0	2.5
Pro	8.5	8.3	4.7	4.5	5.9
<b>Total</b>	<b>68.0</b>	<b>57.5</b>	<b>83.9</b>	<b>42.3</b>	<b>37.8</b>

Sales gross profit (NOKm)	2Q21	1Q21	4Q20	3Q20	2Q20
Consumer	33.2	23.6	50.5	20.3	19.6
AfB	6.1	5.4	2.9	2.4	1.5
Pro	6.4	6.4	3.7	3.6	3.7
<b>Total</b>	<b>45.6</b>	<b>35.4</b>	<b>57.1</b>	<b>26.3</b>	<b>24.9</b>

**Note 4: Number of employees**

Number of employees at the end of the period was 124, reflecting an increase of 43 YoY.

**Note5: Business combinations**

Reference is made to Note 19 of the Consolidated Financial Statements included in the 2020 Annual Report, which includes a detailed description of the acquisition of Airtight AS with effective date from August 21, 2020. During 2021 new information relating to facts and circumstances

that existed at the date of the acquisition was reviewed and the accounting for the acquisition was revised. By the end of the measurement period the purchase price allocation for the Airtight acquisition was finalized. The following table summarizes the acquisition date preliminary fair value of assets acquired and liabilities assumed as presented in the 2020 Annual Report and measurement period changes as well as the final allocation:

**Note 5 - Business combinations**

Fair value recognized at acquisition (NOKm) - August 21. 2020

<b>Assets</b>			
<b>Non-current assets</b>	<b>Provisional amounts</b>	<b>Adjustments</b>	<b>Final amounts</b>
Research & development (Technology)	4.5	10.6	15.1
Tangible assets	0.3		0.3
<b>Total non-current assets</b>	<b>4.8</b>	<b>10.6</b>	<b>15.4</b>
<b>Current assets</b>			
Cash and cash equivalents	1.5		1.5
Other current receivables	1.6	3.2	4.8
<b>Total current assets</b>	<b>3.1</b>	<b>3.2</b>	<b>6.3</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability		-3.0	-3.0
<b>Total non-current liabilities</b>		<b>-3.0</b>	<b>-3.0</b>
<b>Current liabilities</b>			
Other current liabilities	-1.9		-1.9
<b>Total current liabilities</b>	<b>-1.9</b>		<b>-1.9</b>
<b>Total identifiable net assets acquired</b>	<b>6.0</b>	<b>10.7</b>	<b>16.7</b>
Consideration transferred	45.0		45.0
Fair value of identifiable net assets	-6.0	-10.7	-16.7
<b>Goodwill</b>	<b>39.0</b>	<b>-10.7</b>	<b>28.3</b>

**Note 6: Share based incentive program**

Airthings offers options to all new employees. As per 30.06.2021 Airthings had 10 204 998 outstanding options with a weighted average strike price of NOK2.99.

**Note 7: Subsequent events and other information**

On July 9, 2021, Airthings and Carrier Corporation signed a strategic agreement.

We have a Board resolution as of July 28, 2021, that Airthings ASA will apply to move from Euronext Growth Oslo to the Oslo Stock Exchange's main list during first half of 2022.

Audhild Andersen Randa has resigned from the Airthings board as she is starting as our COO from August 2nd. A new board member will be recruited.

# Alternative Performance Measures (APMs)

The following terms are used by the Group in the definition of APMs in this Report:

Annual recurring revenue (ARR): Annualized sales from all active subscriptions, licenses and service contracts within AfB and Pro.

EBITDA: Profit/(loss) for the period before net financial items, income tax expense, depreciation and amortization.

# 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.

# Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, that the interim financial statements for the period from January 1, 2021 to June 30, 2021, have been prepared in accordance to NGAAP, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole. We also confirm that, to the best of our knowledge, the interim report for the first half gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half.

Oslo, July 28, 2021



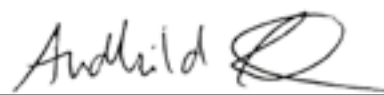
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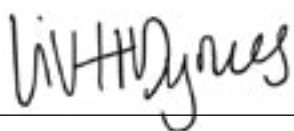
**Øyvind Birkenes**  
CEO



**Geir Førre**  
Board Member



**Audhild Andersen Randa**  
Board member




**Liv Dyrnes**  
Board member



**Lars Boilesen**  
Board member



**Anlaug Underdal**  
Board member, employee



**Tore Rismyhr**  
Board member, employee





**AIRTHINGS**