



AIRTHINGS

**Report
3Q20**



Key highlights

1

3Q sales revenues of

NOK42.2m

up 50% YoY. Total revenue at NOK44m.

2

3Q sales gross profit of

NOK26.3m

and gross profit margin of 62%. Gross profit up 31% YoY.

3

ARR reached

NOK7.3m

by end of 3Q, up 152% YoY.

4

Successful acquisition of proptech company Airtight, increasing focus on energy efficiency in Airthings for Business (AfB).

5

Opened up an AfB sales office in Stockholm with an experienced team from Yanzi Networks.

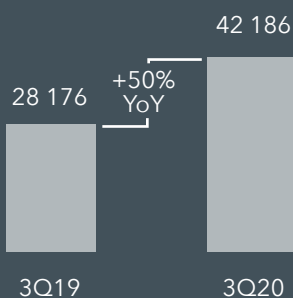
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Mold risk indicator launched on Wave Mini in Consumer and AfB. Amazon rating on Wave Mini has passed the 4-star hurdle.

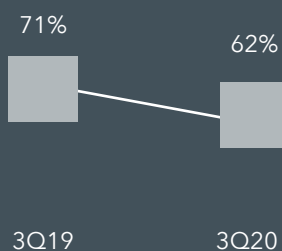
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IPO process launched in September. First trading day as a public company was October 30.

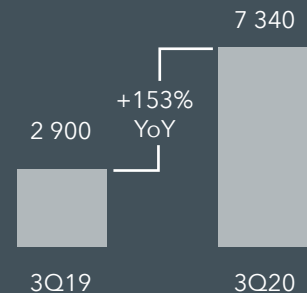
GROUP SALES REVENUE
(NOK 1 000)



SALES GROSS
PROFIT MARGIN



ANNUAL RECURRING REVENUE
(NOK 1 000)



Operational highlights

Airthings ASA had an eventful third quarter with sales revenues of NOK42.2 million, up 50% YoY, according to plan. 3Q is normally the weakest quarter of the year, however this year 3Q sales revenue is up 12% QoQ. 4Q backlog is strong, and we maintain the 2020 total revenue guidance range midpoint of NOK210m. Annual recurring revenue (ARR) continues to grow significantly, reaching NOK7.3m at end of period 3Q, and up 153% YoY. Sales gross profit margin was 62.1% reflecting higher share of Airthings for Business (AfB) product sales, campaign pricing related to Home Depot store roll-outs and product mix effect. During the quarter we also acquired Airtight, a Norwegian proptech company, in addition to opening a Stockholm office through taking on the entire Yanzi sales team.

3Q in brief

Airthings 3Q revenues grew 50% YoY reaching NOK42.2m. The strong growth was driven by solid execution across all three business segments. New significant contract wins in Airthings for Business, coupled with roll-out into 545 Home Depot stores across the US

were important growth drivers for the quarter. Group ARR came in at NOK7.3m up 153% YoY reflecting solid traction in the AfB. In addition to increasing forward revenue visibility through growing ARR, orders in Consumer secures solid backlog for 4Q. On the back of this, we uphold



Breathe better. Live better.

the revenue guidance midpoint at NOK210m for the full-year 2020.

3Q sales gross profit was NOK26.2m reflecting a margin of 62%. The margin contraction YoY was driven by increased product sales in AfB with lower margins coupled with campaigns related to Home Depot store roll-out in addition to Amazon Deal of the day on Wave Plus. The margin is in line with the plan and we expect a boost in 4Q where visibility on high-margin products is good.

Continued retail store expansion

During third quarter, we expanded our retail presence especially in the US, as we rolled out the Airthings' products in 545 Home Depot stores. We have now reached a total of 2,125 retail locations across Europe and North America. Together with Home Depot, Airthings increases the focus on radon and we are the preferred product within this category. We have a premium product location together with other products in the home safety category. The roll-out has already generated solid re-orders and we expect this to contribute positively to revenues going forward.

Acquisition of Airtight

On August 21, we acquired the Norwegian

proptech company Airtight. Founded in 2016, the company has developed a unique and patented technology to reduce energy waste from commercial buildings. In addition, the system significantly improves indoor comfort through eliminating the draft, resulting in more stable indoor temperatures. The Airtight solution is well on its way to being fully integrated into the Airthings ecosystem and the first Airthings customer contract with the Airtight system has already been signed. Airtight received a generous grant from EU in the Horizon 2020 program, acknowledging that the technology could have a material positive impact on reducing the global energy consumption. The technology has been through a pilot phase and the company had its first paying customer in March. New rollouts of the Airtight technology are growing fast in Norway, but will not materialize in significant revenue in 2020.

Stockholm office

In August, Airthings opened an office in Stockholm with an experienced B2B sales team. The team came from Yanzi Networks and have long experience selling to large enterprise customers in Europe and Sweden. The team in Stockholm is a highly skilled and motivated group of people who are excited to contribute to growing Airthings going forward.



Welcome to the
Airthings team Airtight!

Mold Risk Indicator launched

On September 8, we launched Mold Risk Indicator, a virtual sensor, to all customers who owns a Wave Mini (Consumer and AfB). As a result, the Wave Mini has passed the 4-star hurdle on Amazon, enabling participation in important Amazon led campaigns and the like. September sell-through for Wave Mini was up 400%+ MoM and the conversion rate was up 47% in the same period. The Mold Risk Indicator is our first virtual sensor, utilizing multiple different sensor data and artificial intelligence to detect the risk of mold. On November 18, we launched another virtual sensor, namely the Virus Risk Indicator. This sensor is currently available for all AfB customers.

We aim to continue capitalizing on our large, unique, dataset on indoor air quality as we expand the product offering going forward.

Wave Plus is now RESET accredited

After months of rigorous testing during 3Q, the Wave Plus is now RESET accredited.

RESET is a globally recognized building standard that focuses specifically on indoor air quality for the benefit of occupant health. It is the world's first certification program that is sensor-based, and performance driven. Five Wave Plus sensors have been tested over several months following the rigorous standards and procedures outlined by

RESET. The tests ensure that the Wave Plus sensors have a precision between each other and accuracy against a laboratory grade reference monitor.

This is a fantastic validation of the quality of the products and the accuracy of our sensors that we create in Airthings.

The accreditation also means that the sensors can be used in buildings that are seeking RESET certification.

420 tonnes of CO2 saved

According to the International Energy Agency (IEA), buildings account for 40% of the global energy consumption and 32% of CO2 emissions. 12.5% of the energy goes into buildings, leak out again, resulting in 5% of the global energy consumption leaking into thin air. Airthings has a patented technology that can measure and reduce the energy leakages through dynamic ventilation control using the buildings existing ventilation infrastructure. By reducing the energy consumption, CO2 emissions is also reduced.

YTD, Airthings has helped its customers to reduce CO2 emissions by more than 420 tonnes on annual basis, and this is just the beginning. We expect to help our customers save more than 550,000 tonnes of CO2 annually by 2025, making the world a greener and better place to live.



Financials



Financial overview

Financial highlights (NOK 1 000)	3Q20	3Q19	YTD 2020	YTD 2019
Total revenue	43 991	29 243	132 876	84 216
Gross profit	27 985	21 140	88 858	60 478
Operating profit/EBIT	-10 671	-9 368	-32 869	-19 999
Net cash-flow from operating activities	-18 428	-21 097	-30 219	-35 684
Cash and cash equivalents at end of period	95 026	55 273	95 026	55 273
Gross margin	64%	72%	67%	72%
EBIT margin	-24%	-32%	-25%	-24%

Total revenue

Group total revenue reached NOK44m in 3Q, representing a growth of 50% YoY. The main growth contributors are Home Depot store roll-out, and Mold risk indicator launch in both Consumer and AfB boosting Wave Mini sales. In addition, solid sales execution in AfB is reflected through the triple digit growth, driven by increased sales towards especially facility management partners, system integrators and the public sector. Lastly, good US real estate market lifts Pro. Acquisition of Airtight had only marginal impact on 3Q total revenue.

Gross profit

Airthings gross profit margin in 3Q was NOK28.0m implying a margin of 64%. The YoY margin contraction was mainly due to increased sales in AfB where product margins are lower and the high-margin ARR is back end loaded with

limited effects thus far. In addition, Amazon with deal of the day on Wave Plus had a slight negative effect on gross margins in the quarter.

EBIT

3Q group EBIT came in at -NOK10.7m. Main highlights include higher costs across the board but the main drivers were performance marketing

At end of 3Q20, Airthings group's equity amounted to

NOK192.9m



costs, campaign costs and increased personnel expenses as a result of employee growth, all in accordance with planned expansion. Total employees reached 100 in September 2020.

Cash flow

Net cash flow from operating activities was -NOK18.9m in 3Q. Negative operating profits and increased accounts receivables are main contributors. Cash flow from investing was -NOK44.9m mainly driven by the acquisition of Airtight. Cash flow from financing was

NOK62.4m reflecting equity raise in conjunction with the acquisition.

Financial position

At end of 3Q20, Airthings group's equity amounted to NOK192.9m vs. NOK89.3m in the same period last year. The equity ratio was 79% in 3Q20 vs. 70% in 3Q 2019. Gross debt was NOK17m, comprised of growth loan from DNB and Innovasjon Norge. At end of 3Q20, Airthings had a net cash position of NOK65.6m vs. NOK28.5m at the end of 3Q 2019.

Segment overview

Consumer

Sales revenue in the quarter was NOK33.9m representing a YoY growth of 36% vs. 3Q19. The revenue growth is driven by Home Depot Store roll-out and launch of Mold Risk Indicator. In addition, increased volumes of Wave Plus and House Kit especially in the Americas region contributed as well. Consumer sales gross profit was NOK20.3m with a margin of 60%. The YoY margin contraction was mainly due to product mix and costs associated with Home Depot load-ins. The gross profit margin for Consumer fluctuates from quarter to quarter and we expect the gross profit margin to increase significantly in 4Q.

3Q19

24 807

71%

3Q20

33 851

60%

Airthings for Business

Sales revenue in the quarter was NOK4.0m, representing a 308% YoY growth vs. 3Q19. AfB sales gross profit was NOK2.4m with a sales margin of 60%. The YoY margin expansion is driven by increased ARR as share of total revenues. Strong execution especially towards facility management partners, system integrators and the public sector helped drive the sales growth. Other key highlights from the period include a large contract in Holland (60 schools), opening of the Stockholm sales office, and increased focus on energy efficiency through acquisition of Airtight.

3Q19

970

57%

3Q20

3 931

60%

Pro

Sales revenue in Pro was NOK4.5m, up 89% YoY vs. 3Q19. As Covid 19 has forced more people to work from home, we have seen higher demand of our Pro products as it appears that the turnover in the housing market has increased. The 3Q20 sales gross profit for Pro came in at NOK3.6m, with a margin of 81% for the quarter.

3Q19

2 397

85%

3Q20

4 458

81%

Regional sales split

3Q sales revenues came in at NOK9 798 and NOK32 441 for the EMEA and Americas region respectively. This implies a split of 23.2% and 76.8% between the respective regions. EMEA share of sales was up 0.5%-point YoY in 3Q20.

3Q20

EMEA

23,2%

AMERICAS

76,8%

Outlook and events after the period

Private placement raising NOK500m with subsequent listing on Oslo Stock Exchange Merkur Market

Ongoing campaigns started in 4Q:

- Virus Risk Indicator - launched November 18
- Radon season campaign - Canada and Norway in November, US in January
- Fire & Safety month in October - campaigns with US retailers

Revenue guidance


4Q total revenues in the range of NOK70.5-84.5m	2020 total revenue midpoint maintained at NOK210m Range narrowed to NOK203-217m	
2020 year-end ARR range maintained at NOK11-13m	2021 total revenue range maintained at NOK300-340m	2021 year-end ARR guidance maintained at ~NOK30m

Risks

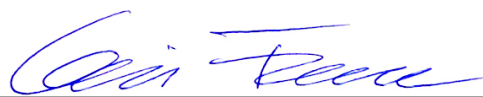
The Group operates in a highly competitive and rapidly changing global marketplace, including in the U.S. The Group's success depends on numerous factors, including its ability to successfully market and sell its products and services to consumers and businesses, its ability to develop and introduce new products and services to meet customer demand and its ability to identify and develop market opportunities. The market in which the Group operates may be exposed to rapid technological changes, and new players and competitors may enter the market and could introduce products and services that are similar to those offered by the Group. Should the Group be unable to compete successfully, the Group could lose market share and customers to competitors, which could adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Group may not be able to successfully implement its strategies. Achieving the Group's objectives involves inherent costs and uncertainties. There is no assurance that the Group will be able to achieve its objectives within its expected time-frame or at all, that the costs related to any of the Group's objectives will be at expected levels or that the benefits of its objectives will be achieved within the expected timeframe or at all. The Group's strategies may also be affected by factors beyond its control, such as volatility in the world economy and in its markets, the capital expenditure and investment by customers and the availability of acquisition opportunities in a market. Any failures, material delays or unexpected costs related to the implementation of the Group's strategies could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

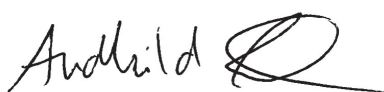
Oslo, November 18, 2020



Øyvind Birkenes
CEO



Geir Førre
Chair



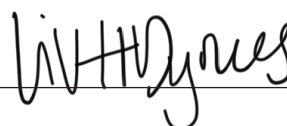
Audhild Andersen Randa
Board member



Aksel Lund Svindal
Board member



Lars Boilesen
Board member



Liv Dynes
Board member



Tore Rismyhr
Board member, employee



Anlaug Underdal
Board member, employee



Consolidated financial information

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Consolidated income statement	3Q20	3Q19	YTD 2020	YTD 2019	2019
(NOK 1 000)					
Sales	42 186	28 176	130 810	80 743	139 472
Other revenues	1 805	1 068	2 065	3 472	4 809
Total revenue	43 991	29 243	132 876	84 216	144 281
Cost of sales	16 006	8 103	44 017	23 738	39 202
Gross profit	27 985	21 140	88 858	60 478	105 079
Payroll expenses	17 746	10 806	57 591	34 182	47 979
Other operating expenses	20 216	19 425	62 394	45 492	68 805
Depreciation and amortization	694	276	1 742	802	694
Operating profit / EBIT	-10 671	-9 368	-32 869	-19 999	-12 398
Financial income	5 315	-3 531	13 835	2 340	4 374
Financial expenses	5 310	-3 883	10 836	2 557	5 161
Financial income / expenses - net	5	353	2 999	-216	-787
Profit (loss) before tax	-10 666	-9 015	-29 870	-20 216	-13 186
Income tax	-9	-3	-13	-21	3 992
Net profit (loss)	-10 676	-9 018	-29 883	-20 236	-9 194
Pre-split earnings per share (NOK)*					
Basic earnings per share	-16.52	-15.88	-48.57	-37.05	-24.13
Diluted earnings per share	-16.52	-15.88	-48.57	-37.05	-24.13
Post-split earnings per share (NOK)**					
Basic earnings per share	-0.08	-0.08	-0.24	-0.19	-0.08
Diluted earnings per share	-0.08	-0.08	-0.24	-0.19	-0.08

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

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

Balance sheet

	Unaudited	Audited
Consolidated balance sheet (NOK 1 000)	30.09.2020	31.12.2019
Assets		
Research & development	4 572	
Licenses	4 689	3 672
Deferred tax asset	4 477	4 477
Goodwill	39 029	
Tangible assets	4 061	2 312
Long-term receivables	790	337
Total non-current assets	57 616	10 798
Inventory	30 478	29 029
Accounts receivables	41 085	40 737
Other short term receivables	19 604	14 169
Cash and cash equivalents	95 026	49 077
Total current assets	186 194	133 012
Total assets	243 810	143 809
Equity and liabilities		
Total paid-up equity	221 204	97 820
Other equity	-28 340	-314
Total equity	192 863	97 507
Interest bearing long-term debt	12 373	17 889
Other provisions	547	
Total non-current liabilities	12 920	17 889
Accounts payable	18 193	12 149
Tax payable	113	39
Public duties payable	2 578	3 416
Interest bearing short-term debt	4 683	
Other short-term debt	12 460	12 810
Total current liabilities	32 345	28 414
Total equity and liabilities	243 810	143 809

Consolidated changes in equity

	Share capital	Treasury shares	Premium reserve	Other paid-in equity	Other equity	Total equity
Equity as of 01/01/2019 (NOK 1 000)	486	-7	37 020	1 469	10 278	49 247
Sale of treasury shares		4			2 672	2 676
Capital increase	82		54 648			54 729
Share based payment	-	-	-	4 118	-	4 118
Result for the year	-	-	-	-	-13 312	-13 312
Translation differences	-				48	48
Equity as of 31/12/2019	568	-3	91 668	5 587	-314	97 507

	Share capital	Treasury shares	Premium reserve	Other paid-in equity	Other equity	Total equity
Equity as of 01/01/2020 (NOK 1 000)	568	-3	91 668	5 587	-314	97 507
Sale of treasury shares		3			1 732	1 735
Capital increase	96		119 902			119 998
Share based payment				3 383		3 383
Result for the year					-29 883	-29 883
Translation differences					124	124
Equity as of 30/09/2020	663	-	211 570	8 970	-28 340	192 863

Cash flow

Consolidated cash flow statement (NOK1 000)	3Q20	3Q19	YTD 2020	YTD 2019
Operating activities				
Profit before tax	-10 676	-9 018	-29 883	-20 236
Depreciation and amortization	694	276	1 742	802
Non-cash expenses related to shared based payment program	1 242	1 044	3 383	2 946
Change in inventories, trade receivables and payables	-4 029	-9 009	3 249	-10 290
Other operations related adjustments	-6 092	-3 057	-8 710	-5 733
Net cash-flow from operating activities	-18 860	-19 764	-30 219	-32 512
Investing activities				
Intangible assets	-43 843	-9	-45 403	-48
Equipment held for rental	-374	-41	-421	-275
Other CAPEX	-680	-32	-2 415	-179
Net cash-flow from investment activities	-44 897	-82	-48 239	-502
Financing activities				
Change in long term debt		9 722	-833	18 722
Change in equity	62 425	325	125 240	57 106
Net cashflow from financing activities	62 425	10 047	124 407	75 828
Net change in cash and cash equivalents	-1 331	-9 799	45 949	42 814
Cash and cash equivalents at start of period	96 357	65 071	49 077	12 459
Cash and cash equivalents at end of period	95 026	55 273	95 026	55 273

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 Oslo Stock Exchange Merkur Market under the ticker AIRX-ME.

These interim consolidated financial statements have been approved for issuance by the board of directors on 18 November 2020.

The condensed interim financial statements are unaudited.

Note 2: Basis for preparation

The interim consolidated financial statements for the third quarter ended 30 September 2020 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 2019.

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 31 December 2019.

Note 3: Revenue segment information

Airthings recognizes revenues 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.

Note 3 - Segment information

Sales revenues (NOK1 000)	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
Consumer	33 851	29 438	43 116	53 739	24 807	24 608	20 116
Pro	4 458	5 855	5 711	3 722	2 397	3 306	3 758
AfB	3 931	2 526	1 542	1 270	970	529	249
Total	42 239	37 820	50 369	58 732	28 174	28 443	24 123

Sales gross profit (NOK 1 000)	3Q20	2Q20	1Q 20	4Q19	3Q19	2Q19	1Q19
Consumer	20 257	19 648	30 195	39 614	17 492	16 839	14 228
Pro	3 618	3 698	4 330	3 128	2 034	2 560	2 798
AfB	2 359	1 535	772	479	550	389	158
Total	26 234	24 881	35 297	43 221	20 076	19 788	17 184

Note 4: Number of employees

Average number of employees in the period was 97, reflecting an increase of 35 YoY.

Note 5: Business combinations

During 3Q20, Airthings acquired Airtight for a total consideration of NOK45m split approximately 70/30 in between shares in Airthings and cash. All employees in Airtight joined the Airthings team. The majority of the Airtight value is recognized as Goodwill on the balance sheet.

Note 6: Share options

Share based incentive program?

Airthings offers options to all new employees. As per 30/09/2020 Airthings had post share-split, 10 335 400 outstanding options with a weighted average strike price of NOK1.82.

Note 7: Subsequent events

- The company raised NOK500m in a private

placement completed end of October 2020.

- Listing on Oslo Stock Exchange Merkur Market with first day of trading October 30, 2020.
- Launch of the virtual sensor Virus Risk Indicator on November 18.



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.



AIRTHINGS