



**AIRTHINGS**



**REPORT  
3Q21**

# Key highlights

1

3Q sales revenue of  
**NOK88.5m**

up 110% YoY

2

3Q sales gross profit of  
**NOK59.8m**

gross profit margin of 68%

3

Total ARR reached  
**NOK17.7m**

by end of 3Q, up 141% YoY

4

Awarded 10-year contract by  
**Quebec Government**

to supply air quality monitoring in all private schools

5

Launched  
**View CO<sub>2</sub> for Business**

with 10 years of battery life

6

Record Airthings for Business (AfB) revenue of

**NOK12.1m in 3Q**

up 207% YoY

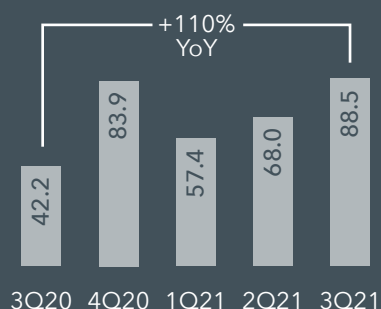
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Growing retail footprint with increased availability in

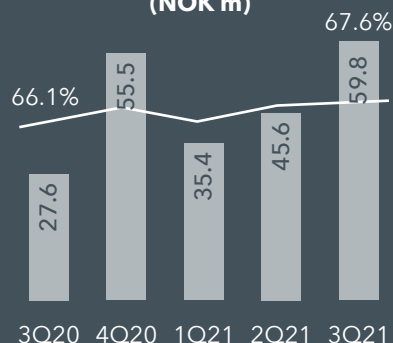
**1300 Home Depot**

locations

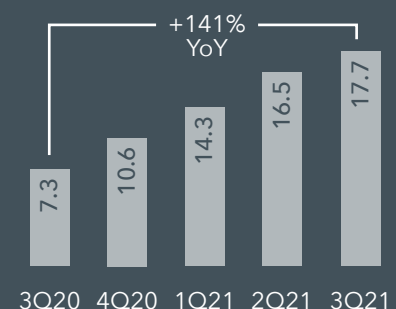
GROUP SALES REVENUE  
(NOK m)



SALES GROSS PROFIT  
(NOK m)



ANNUAL RECURRING REVENUE  
(NOK m)



# Operational review

Airthings reported sales revenue of NOK88.5m in 3Q21, representing a YoY growth of 110%. Year to Date (9M21), sales revenue is up 64% YoY to NOK213.9m. 3Q21 revenue growth was driven in part by significant growth in our Consumer segment (YoY 115%), with strong sales coming in through our existing channels. Furthermore, exceptional growth (YoY 207%) in Airthings for Business (AfB), with most of the sales coming from the partner-network. The solid footprint in the US continues as the geographic revenue split for the quarter was 79% and 21% in the Americas and EMEA/RoW regions respectively.

Group Sales Gross Profit came in at NOK59.8m reflecting a gross profit margin (GPM) of 67.6%, up 5.5%-points YoY, and up 0.5%-points from 2Q21. Year to Date, the sales GPM is 65.8%. The 3Q21 margin expansion is mainly due to product and channel mix from the Consumer segment, and from the service revenues from the AfB and Pro segment, while offset by higher component prices. Airthings GPM fluctuates quarter to quarter mainly due to product and channel mix.

3Q21 revenue was capped due to component availability, and we also foresee this having a similar effect on 4Q21 revenue. Airthings is continuously monitoring the component market and proactively taking mitigating steps in order to secure production going forward. However, certain components have not been possible to source in the required quantities and have thus limited our sales revenue.

ARR came in at NOK17.7m at the end of 3Q, representing a growth of 141% YoY. The growth is primarily driven by the AfB segment which is up >200% YoY.

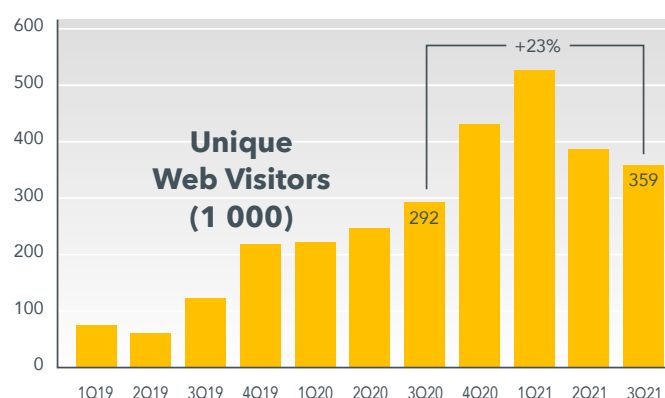
KEY FINANCIALS (NOKm)	3Q21	3Q20	YTD 2021	YTD 2020
Sales revenue	88.5	42.2	213.9	130.8
Other revenue		0.3	0.2	0.9
Total revenue	88.5	42.5	214.2	131.8
Sales Gross Profit	59.8	26.2	140.7	86.8
Sales Gross Margin	67.6%	62.1%	65.8%	66.4%
Annual Recurring Revenue	17.7	7.3		

## Brand awareness

Airthings continues to build on a strong global brand, and one of the measures is traffic to our website. YoY, Unique Web Visitors grew by 23% reaching more than 359 000 in the quarter, and Year to Date, it is up 66% YoY.

The 3Q21 web sessions were limited by a delayed View Plus campaign. The View Plus campaign is pushed to Q4 when production volume is being significantly increased.

The Airthings brand also reached significantly more people this year by streaming live air quality data for the world's top chess players, including Magnus Carlsen, as part of the Champions Chess Tour. Broadcast worldwide on channels such as Eurosport, YouTube, Twitch, ESTV, TV2 and NRK the tour had over 114 million live views and 28 million hours viewed through online streaming platforms.



*By integrating live air quality data for the chess masters into the broadcast, Airthings brought to life the importance of good air quality for health, well-being and cognitive ability and drove millions of impressions for the Airthings brand.*

### Outlook and guidance

*The backlog for View Plus for Consumer and View Plus for Business have increased significantly during 3Q21. While we have shipped thousands of View Plus products during 3Q21, the demand has been significantly higher than what we could produce due to the component situation. The global shortage in the semiconductor market is challenging and will affect 4Q sales revenue by more than NOK20m, and GPM by about 2-5% points.*

*4Q21 sales revenue is estimated to come in at NOK100-115m and the ARR to end 4Q21 at NOK22-27m. ARR (billed ARR) is slightly lower than last guidance. The AfB devices must be installed and activated for the subscription revenue to be billed. As we mostly sell through partners that hold inventory, there is typically a 2-3-month delay from we sell-in to the partners, until subscription revenue is billed. In addition, we planned for a larger rollout of the Airtight technology (Airthings Balance) than what we have done due to readiness of the technology. We are now building up Airthings Balance with expert partners to make sure it's successfully operating before subscriptions are invoiced.*

*There is an additional "booked ARR" of more than NOK 5m by end of 3Q21 that is not part of "billed ARR". This is based on inventory at our partners and the big school project in Quebec.*

NOKm	SALES REVENUE & ARR GUIDANCE
	4Q21
Sales revenue	100-115
ARR	22-27

# Segment overview

## Airthings for Consumer

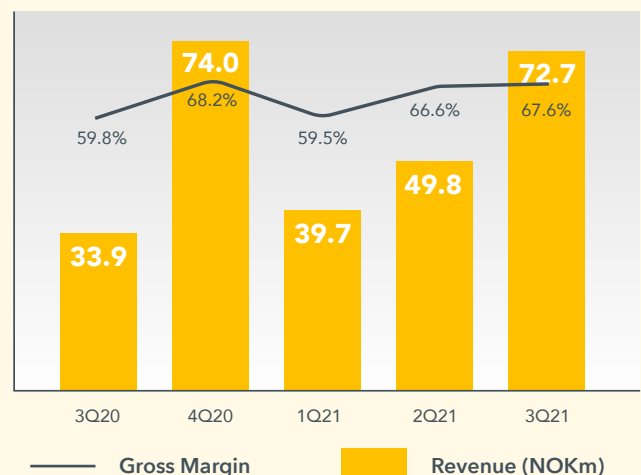
Consumer revenue came in at NOK72.7m in the quarter, representing a YoY growth of 115%. During the quarter, Airthings continued growing the retail footprint in the US. Airthings announced it is expanding the Home Depot partnership by announcing that they will carry the Home Depot-exclusive Airthings Digital Radon Detector and Airthings Wave Mini in more than 1300 stores across the US. Furthermore, Walmart will run a second seasonal offering with Airthings this fall. Airthings Wave Mini will be part of a Home Health Safety event in close to 1000 US stores.

In 4Q21, Airthings also continued expanding into new sales channels and countries across Europe. Airthings is now available to purchase online at Currys in the UK, CoolBlue and Bol.com in the Netherlands and Belgium, and Datart and Alsa in Czech Republic and Hungary.

Demand for View Plus is high, but the supply constraints in the semiconductor market have limited the inventory available to supply

worldwide demand during the quarter.

Gross profit for Consumer in 3Q came in at NOK49.1m, reflecting a margin of 67.6%, up 7.8%-points YoY. The margin increase YoY is driven by product mix effect. Due to the supply constraints in the semiconductor market, elevated component prices are expected short to medium term to put some pressure on product margins going forward.

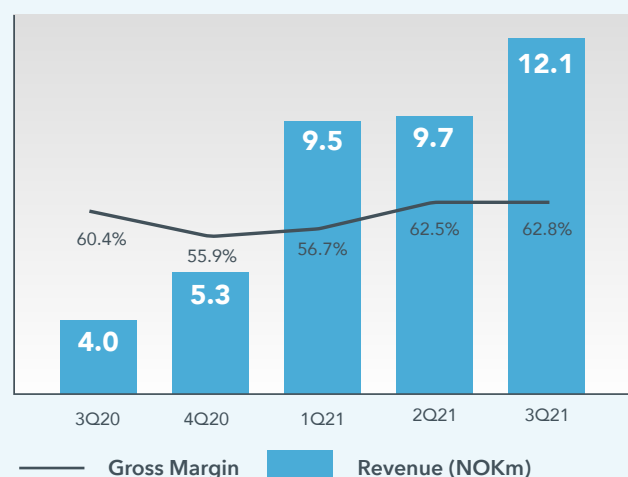


## Airthings for Business (AfB)

Airthings for Business revenue came in at NOK12.1m in the quarter, representing 207% growth YoY. During the quarter, AfB continued to expand its partner network. The revenue for the quarter was split 74% and 26% between partners and direct. Airthings for Business total deals for the quarter reached 184, with an average deal size of NOK65k, representing a YoY growth of 67% and 80%, respectively. Gross profit for Airthings for Business came in at NOK7.6m in 3Q, reflecting a margin of 62.8%, up 2.4%-points YoY. The margin expansion is driven by increased share of service revenue.

A 10-year contract to supply air quality monitoring solutions to all private schools across one of Canada's largest provinces, Quebec, was secured in September. The deal has a total contract value of approximately CAD \$8 million (NOK54.9m) with service revenues running over the next 10

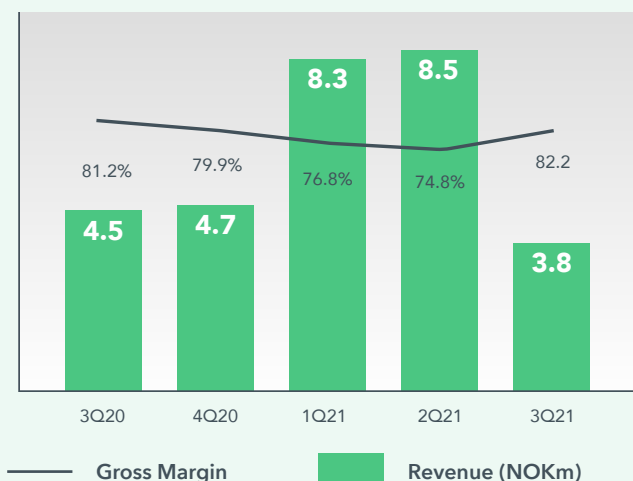
years following the installation. The contract was part of a tender process run by the government of Quebec and will include supplying nearly 10,000 View Plus for Business air quality monitors, the company's newest flagship product, together with the Airthings for Business Dashboard for remote monitoring and advanced analytics.



## Airthings for Pro

3Q21 sales revenue from the PRO segment came in at NOK3.8m, down 16% YoY. The US home inspector market was weak in 3Q, but is expected to pick up in 4Q. Several major Home Inspector trade shows and dedicated campaigns are planned for 4Q.

The Pro gross profit came in at NOK3.1m during the quarter, reflecting a margin of 82.2%, up 1.0%-point YoY. The margin expansion is driven by increased share of service revenue.



Oslo, October 27, 2021



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**Aksel Lund Svindal**  
Chair



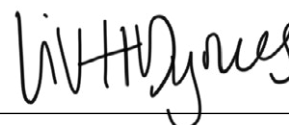
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**Geir Førre**  
Board Member



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**Lars Boilesen**  
Board member



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**Liv Dyrnes**  
Board member



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**Tore Rismyhr**  
Board member, employee



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**Anlaug Underdal**  
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 NOK59.7m in 3Q, up 64% YoY. The increase is driven by personnel growth according to expansion plan, especially within the sales organization. In addition, costs related to marketing and office expansion contributed to growth in other operating expenses during the quarter.

**EBITDA** came in at NOK0.8m in the quarter.

**Depreciation** during 3Q was NOK2.6m, driven by the acquisition of Airtight. Airthings completed a full purchase price allocation (PPA) during the second quarter allocating the Airtight price to R&D and Goodwill (see note 5 to the 2Q 2021 interim report).

**EBIT** came in at negative NOK1.9m in 3Q.

**Net finance** was positive NOK1.5m in 3Q and consist primarily of exchange rate fluctuations between USD and NOK.

**Loss** before taxes was NOK0.3m in 3Q.

## BALANCE SHEET

**Total assets** at the end of 3Q were NOK684.5m, mainly made up of cash and cash equivalents at NOK394.9m. Long-term receivables increased by NOK1.9m during the quarter (decrease of NOK3.4m in 9M) due to share price effect on employer's tax related to employee option program. Inventory increased by NOK20.3m during the quarter (NOK34.3m in 9M) as

component prices have increased coupled with a strategy of securing supply in a pressed semiconductor market. Accounts receivable increased by NOK44.4m in the quarter (NOK46.6m in 9M) driven by a high number of deals closed in September.

**Total liabilities** were NOK73.3m at the end of 3Q. Reduction in other provisions is related to employee option program. Deferred tax liability of NOK2.7m is a result of the PPA related to the Airtight acquisition. Other current liabilities consist of deferred revenue related to subscription service, personnel- and other accrued expenses during the quarter.

## CASH FLOW

**Cashflow from operating activities** came in at negative NOK66.5m in 3Q mainly driven by an increase in working capital due to securing of inventory coupled with a large share of deals in September increasing accounts receivable.

**Cashflow from investment activities** was negative NOK1.1m in 3Q driven mainly by production tooling expenses and office equipment.

**Cashflow from financing activities** was marginal at NOK0.3m in 3Q related to exercising of employee options.

Airthings cash at end of the quarter was NOK394.9m.

# Consolidated financial information

		Unaudited	Unaudited	Unaudited	Unaudited	Restated*
Consolidated income statement (NOKm)	Notes	3Q21	3Q20	YTD 2021	YTD 2020	2020
Sales revenue	3	88.5	42.2	213.9	130.8	214.5
Other revenue			0.3	0.2	0.9	1.2
<b>Total revenue</b>		<b>88.5</b>	<b>42.5</b>	<b>214.2</b>	<b>131.8</b>	<b>215.7</b>
Cost of sales		28.7	16.0	73.2	44.0	71.1
<b>Gross profit</b>		<b>59.8</b>	<b>26.5</b>	<b>141.0</b>	<b>87.7</b>	<b>143.5</b>
Gross Margin		67.6%	62.1%	65.9%	66.4%	66.8%
Payroll expenses	4, 5	29.6	17.7	89.2	57.6	85.6
Other operating expenses		29.4	18.8	99.7	61.2	108.2
<b>EBITDA</b>		<b>0.8</b>	<b>-10.0</b>	<b>-47.9</b>	<b>-31.1</b>	<b>-49.3</b>
Depreciation and amortization		2.6	1.3	7.9	2.3	4.8
<b>Operating profit / EBIT</b>		<b>-1.9</b>	<b>-11.3</b>	<b>-55.8</b>	<b>-33.4</b>	<b>-54.0</b>
Financial income		1.5	5.3	1.8	13.8	0.2
Financial expenses			5.3		10.8	4.9
Financial income / expenses - net		1.5	0.0	1.8	3.0	-4.7
<b>Profit (loss) before tax</b>		<b>-0.4</b>	<b>-11.3</b>	<b>-54.0</b>	<b>-30.4</b>	<b>-58.8</b>
Income tax		-0.1	0.0	-0.2	0.0	-19.0
<b>Net profit (loss)</b>		<b>-0.3</b>	<b>-11.3</b>	<b>-53.8</b>	<b>-30.4</b>	<b>-39.8</b>
<b>Earnings per share (NOK)**</b>						
Basic earnings per share		0.00	-0.09	-0.31	-0.25	-0.30
Diluted earnings per share		0.00	-0.09	-0.31	-0.25	-0.30

\* Measurement period adjustments Airtight purchase price allocation. See note 5 to the 2Q 2021 interim report for further information.

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

# Consolidated statement of financial position

		Unaudited	Restated*
Consolidated balance sheet (NOKm)	Notes	30.09.2021	31.12.2020
Assets			
Research & development		13.5	14.7
Software and systems		5.5	5.2
Deferred tax asset		22.9	22.9
Goodwill		22.2	26.4
Tangible assets		6.6	5.1
Long-term receivables	5	9.6	13.0
Total non-current assets		80.4	87.3
Inventory		74.4	40.1
Accounts receivables		106.3	59.7
Other current receivables		28.5	17.4
Cash and cash equivalents		394.9	537.0
Total current assets		604.1	655.3
Total assets		684.5	741.6
Equity and liabilities			
Total paid-up equity	6	1.7	1.7
Other equity		609.5	658.4
Total equity		611.2	660.1
Other provisions	5	9.0	12.3
Deferred tax liability		2.7	2.9
Total non-current liabilities		11.7	15.2
Accounts payable		32.8	23.8
Tax payable		0.0	
Public duties payable		4.8	7.6
Interest bearing debt			16.2
Other current liabilities		23.9	18.6
Total current liabilities		61.5	66.2
Total equity and liabilities		684.5	741.6

\* Measurement period adjustments Airtight purchase price allocation. See note 5 to the 2Q 2021 interim report 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 01/01/2021 (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>
Sale of treasury shares	0.0		0.9			0.9
Capital increase				3.9		3.9
Result for the period					-53.8	-53.8
Translation differences					0.0	0.0
<b>Equity as of 30/09/2021</b>	<b>1.7</b>	<b>0.0</b>	<b>712.4</b>	<b>13.8</b>	<b>-116.7</b>	<b>611.2</b>

	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</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>

# Consolidated statement of cash flows

	Unaudited	Unaudited	Unaudited	Unaudited	Restated*
<b>Consolidated cash flow statement (NOKm)</b>	<b>3Q21</b>	<b>3Q20</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
<b>Operating activities</b>					
Profit before tax	-0.4	-11.3	-54.0	-30.4	-58.8
Depreciation and amortization	2.6	1.3	7.9	2.3	5.0
Non-cash expenses related to shared based pay- ment program	1.6	1.2	3.9	3.4	4.7
Change in inventories, trade receivables and payables	-55.7	-4.0	-71.8	3.2	-18.4
Other operations related adjustments	-14.6	-6.1	-8.5	-8.7	10.0
<b>Net cashflow from operating activities</b>	<b>-66.5</b>	<b>-18.9</b>	<b>-122.5</b>	<b>-30.2</b>	<b>-57.7</b>
<b>Investment activities</b>					
Intangible assets	-0.4	-43.8	-1.3	-45.4	-16.0
Equipment held for rental	-0.1	-0.4	-0.3	-0.4	-0.2
Other CAPEX	-0.6	-0.7	-2.8	-2.4	-1.8
<b>Net cashflow from investment activities</b>	<b>-1.1</b>	<b>-44.9</b>	<b>-4.5</b>	<b>-48.2</b>	<b>-18.0</b>
<b>Financing activities</b>					
Change in long term debt / Settlement of loans			-16.2	-0.8	-1.7
Change in equity	0.3	62.4	0.9	125.2	565.3
<b>Net cashflow from financing activities</b>	<b>0.3</b>	<b>62.4</b>	<b>-15.3</b>	<b>124.4</b>	<b>563.7</b>
<b>Net change in cash and cash equivalents</b>	<b>-67.3</b>	<b>-1.3</b>	<b>-142.2</b>	<b>46.0</b>	<b>488.0</b>
Cash and cash equivalents at start of period	462.2	96.4	537.0	49.1	49.1
<b>Cash and cash equivalents at end of period</b>	<b>394.9</b>	<b>95.0</b>	<b>394.9</b>	<b>95.0</b>	<b>537.0</b>

# Notes

## Note 1: General information

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

These interim consolidated financial statements have been approved for issuance by the Board of Directors on October 27, 2021. The condensed interim financial statements are unaudited.

## Note 2: Basis for preparation

The interim consolidated financial statements for the third quarter ended September 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. The balance sheet presented as at 31 December 2020 is presented in the same manner as in the 3Q 2021 interim report, i.e. retrospectively restated for measurement period adjustments to the Airtight purchase price allocation (PPA) being made in 2Q 2021. For more information, see note 5 to the 2Q 2021 interim report which is available at [www.airthings.com](http://www.airthings.com).

## 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)	3Q21	2Q21	1Q21	4Q20	3Q20
Consumer	72.7	49.8	39.7	74.0	33.9
AfB	12.1	9.7	9.5	5.3	4.0
Pro	3.8	8.5	8.3	4.7	4.5
<b>Total</b>	<b>88.5</b>	<b>68.0</b>	<b>57.5</b>	<b>83.9</b>	<b>42.3</b>

Sales gross profit (NOKm)	3Q21	2Q21	1Q21	4Q20	3Q20
Consumer	49.1	33.2	23.6	50.5	20.3
AfB	7.6	6.1	5.4	2.9	2.4
Pro	3.1	6.4	6.4	3.7	3.6
<b>Total</b>	<b>59.8</b>	<b>45.6</b>	<b>35.4</b>	<b>57.1</b>	<b>26.3</b>

#### Note 4: Number of employees

Number of employees at the end of the period was 131, reflecting an increase of 34 YoY.

#### Note 5: Share based incentive program

Airthings offers options to all employees. As per 30.09.2021 Airthings had 10 195 805 outstanding options with a weighted average strike price of NOK3.02.

#### Note 6 - Share capital and shareholders information

Ordinary shares	Number of shares
January 1, 2021	170,605,637
Net change in period	925,900
<b>September 30, 2021</b>	<b>171,531,537</b>

Largest shareholders as of September 30, 2021	Country	Acc. type	No. of shares	Share
1. Firda AS	Norway		25,826,543	15%
2. Verdipapirfondet KLP Aksjenorge	Norway		7,762,222	5%
3. Victoria India Fund AS	Norway		5,859,731	3%
4. Rabakken Invest AS	Norway		5,800,364	3%
5. Atlas Invest AS	Norway		5,637,468	3%
6. Halvor Wøien	Norway		4,879,522	3%
7. Erlend Peter Johnsen Bolle	Norway		4,819,722	3%
8. Bjørn Magne Sundal	Norway		4,530,000	3%
9. Koki Yoshioka	Norway		4,166,650	2%
10. JPMorgan Chase Bank, N.A., London	Great Britain	NOM	4,000,000	2%
<b>10 largest</b>			<b>73,282,222</b>	<b>43%</b>
<b>Total shares outstanding</b>			<b>171,531,537</b>	<b>100%</b>

Average number of shares outstanding for current quarter	Number of shares
Average number of shares outstanding during the quarter	171,416,970
Average number of shares fully diluted during the quarter	178,410,832

Share price information	
Share price September 30, 2021 (NOK)	10.04
Market capitalization September 30, 2021 (NOKm)	1,722

**Note 7: Subsequent events**

The Board of directors have called for an extraordinary general meeting to be held at 12:00 CET on October 28, 2021 the Company's offices in Wergelandsveien 7, Oslo. The purpose of the meeting is the proposed appointments of Emma Tryti and Karin Berg to the board.

# 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.



**AIRTHINGS**