AIRTHINGS

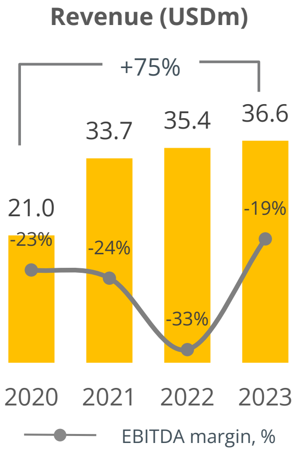
First Quarter 2024

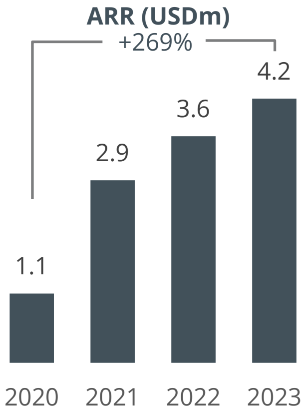
Airthings at a glance

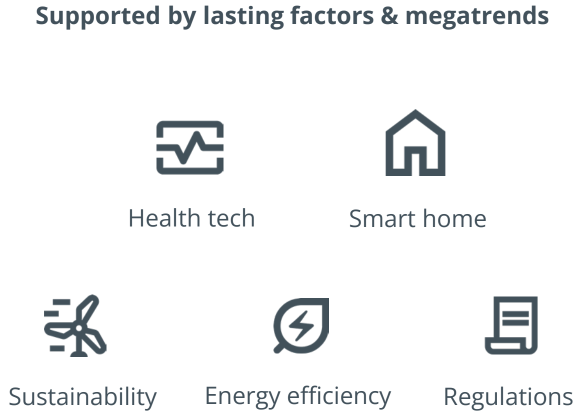
A hardware-enabled software company solving real issues

- Global leader in indoor air quality solutions
- Serving consumers, businesses, and professionals
- Empowering people to breathe better
- Increasing demand by changing perceptions

Strong growth

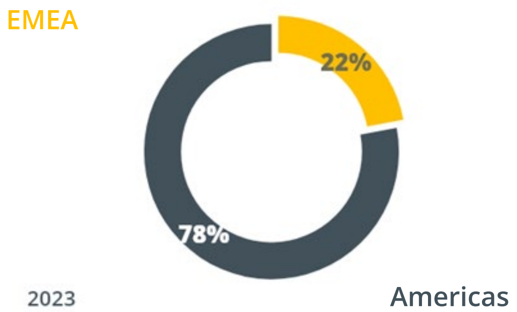


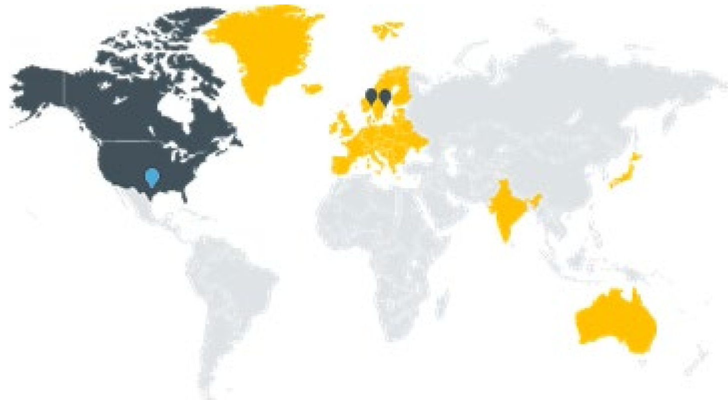




User-friendly and engaging products and actionable insights

International and expanding presence in core markets (revenue split, %)





Addressing two critical issues

Health

The air we breathe has significant impact on our health, but we don`t know what is in it.

Radon-induced cancer

Respiratory problems

Energy

Maintaining buildings' indoor climates requires considerable energy, often with little insight into how and what is being consumed.

Sub-optimal energy consumption

Building health

Uniquely positioned to capture a global market

376M

residential homes in EU and North America
Airthings for Consumers

130M

offices in the EU and North America
Airthings for Business

9M

classrooms in the EU and North America
Airthings for Business

Comments from the CEO

As I present these first quarter results, I have been CEO of Airthings for less than three months. First and foremost, I am truly impressed by our skilled and dedicated team, which has built a global leader in the indoor air quality industry.

At Airthings, we aim to educate millions of people to understand the impact of the air they breathe while increasing awareness and generating demand for our solutions and products. Our ability to offer engaging customer experiences across hardware and software will be crucial as we develop a scalable operating model and drive down costs.

The first quarter was marked by strong growth in the Consumer segment, the launch of our new Renew air purifier, and continued progress on our path to profitability, which is evident through the positive cash flow from operations.

We are pleased to report a year-on-year total revenue growth of 9 percent and a gross profit margin 5 percentage points higher than in the first quarter of 2023. There was positive cash flow from operating activities, driven by solid revenue growth combined with reduced operating costs and net working capital.

Revenues from the Consumer segment reached USD 7.8 million in the first quarter, representing a 22 percent growth from last year, which is also an all-time high. We sold more products per customer, strengthening loyalty and reducing customer acquisition costs. The average order value on airthings.com was up 25 percent compared to the same period last year. The Q1 revenue increase was driven by underlying growth in sales of existing products. Furthermore, in response to customers' needs, we launched our first smart air purifier, Renew, in March. Renew enables our customers to actively clean their air through a seamless user experience in our app.

In the Business segment, no large contracts were signed in Q1, and revenue contribution from the segment was unsatisfactory. This was partly due to macroeconomic trends in one of our key markets, which is commercial real estate in the US. The segment is characterized by longer sales cycles and less visibility than the Consumer segment. At the same time, it represents a vast potential due to both increasing energy prices and nations' climate goals. More than 30 percent of global energy consumption comes from commercial buildings. As much as half of this consumption could be reduced by optimizing heating, ventilation, and air conditioning (HVAC).

Airthings provides the Business segment with relevant, timely, and effective answers to some of the most challenging issues it faces today. Our sales efforts increasingly concentrate on larger and strategically important accounts, and our pipeline of potential deals looks promising. The public school sector in the United States has strong potential and we are already engaged in several pilot projects in various school districts.

As you read this, we are well into the second quarter, when air quality is on the minds of millions of people around the world. Pollen season is well underway, and this is also the time that soaring wildfires remind us of the alarming consequences of global warming. Airthings is here to give you peace of mind and enable you to take action.

Going forward, we will engage customers through user-friendly products and services. The recent introduction of a pollen feature in our app is one example. Many more will follow. By strengthening our digital-first mentality, we will provide our customers with value-adding features.

All the best,

Emma Tryti
CEO, Airthings

Key highlights

Consumer segment with all-time high quarterly revenues of
USD 7.8m, up 22 percent YoY, driven by strong sales across all sales channels.

Positive cash flow from operating activities, from realized revenue growth, improved gross profit margin, reduced operating costs, and reduced net working capital. This is expected to fluctuate between quarters.

Airthings Renew smart air purifier launched:
Sold out initial batches following high market demand, with production ramp-up underway.

Q1 revenues of
USD 9.5m

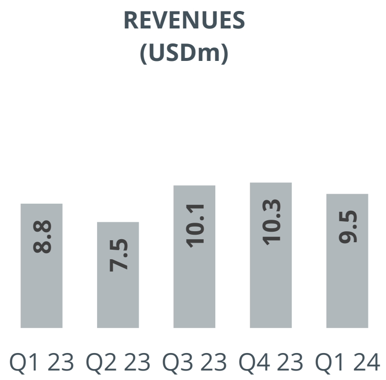
up 9 percent YoY, impacted by strong consumer sales and no large contracts from the Business segment.

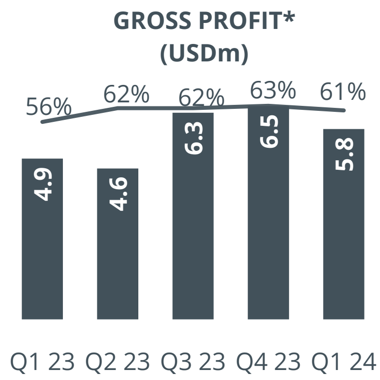
Q1 gross profit of
USD 5.8m

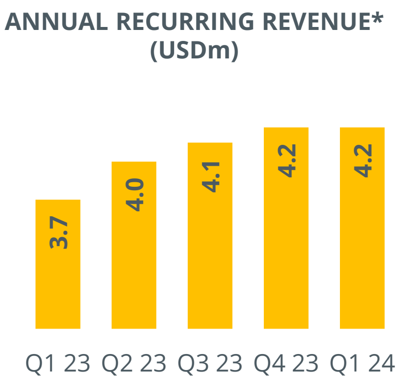
gross profit margin of 61 percent compared to 56 percent in Q1 23.

Q1 total ARR of
USD 4.2m

up 14 percent YoY supported by increased software sales and low churn in the Business segment.







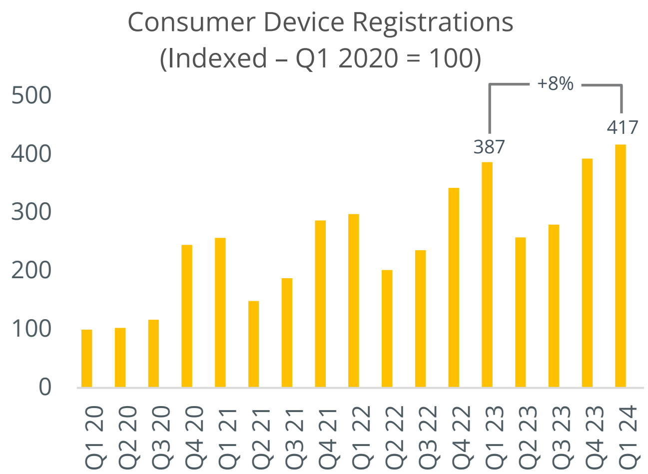
*Alternative performance measures, see page 37-38

Operational review

Revenues and margin development

Airthings focused on seasonal activities and more precise targeting, yielding strong results through the first quarter of 2024. We achieved record-high Q1 revenues of USD 9.5 million, up nine percent year-on-year.

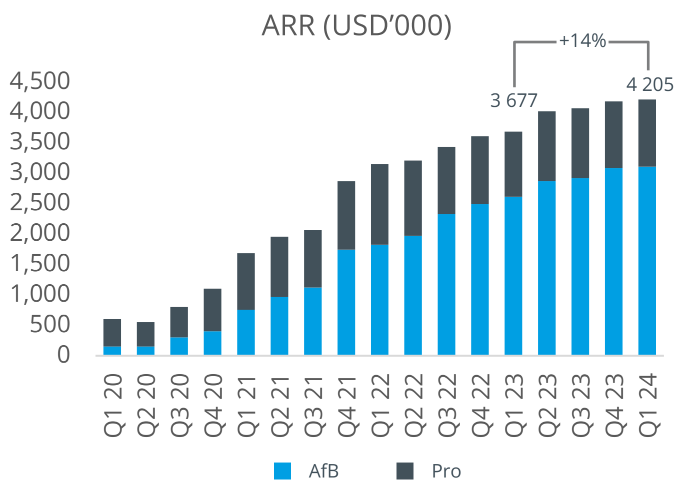
Revenues from the Consumer segment reached an all-time quarterly high of USD 7.8 million in the quarter, up 22 percent year-on-year. Underlying demand was strong across all channels, with increasing organic traction on the company's own digital sales channel.



January's Radon Awareness Month in the United States boosted sales for the Consumer segment in all channels. A combination of a more focused and disciplined go-to-market strategy and the launch of new products and features showed results in the first quarter. There was strong demand for the Airthings Renew smart air purifier, which launched in March 2024 in response to customers' needs.

Revenues from the Business segment were USD 1.2 million in Q1 24, down 34 percent from Q1 23. The Business segment is volatile in nature, heavily dependent on the timing of larger deals with individual customers, causing quarterly fluctuations in revenue recognition. Despite challenging real estate market conditions, Airthings continues to expand our position within Norwegian municipalities, now covering more than a quarter of all municipalities in Norway. The pipeline for the remainder of 2024 includes several sizable commercial opportunities, particularly among North American school districts. Our presence at several US trade shows resulted in extensive media coverage.

Annual Recurring Revenue (ARR) came in at USD 4.2 million in Q1 24, within the guided range of USD 4.2–4.5 million. This represented 14 percent growth year-on-year after a downward revision of ARR in the Professional segment in Q1 23, causing a reduction from USD 4.0 million to USD 3.7 million in Q1 23.



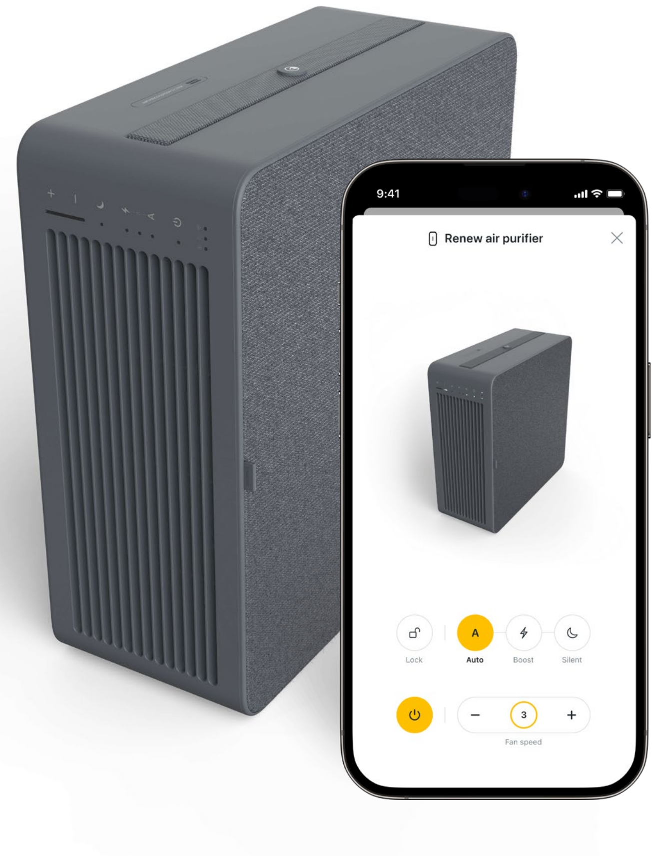
The year-on-year ARR growth would have been 6 percent prior to the revision. ARR from the Business segment reached USD 3.1 million, up 19 percent compared to Q1 23. The gross margin from ARR remains >80 percent. The increase in ARR is driven by large installments at large enterprise customers and US school districts. Churn levels have remained negligible over time, supporting the stability of recurring revenues.

Gross profit ended at USD 5.8 million in Q1 24, up 18 percent from USD 4.9 million in Q1 last year. The gross margin in Q1 was 61 percent compared to 56 percent in Q1 23. The year-on-year margin improvement largely stemmed from margin expansion in the Consumer segment due to targeted and improved channel mix and improved return on ad spend across channels.

In line with the **Airthings 3.0 strategy**, the company has a clear ambition to improve profitability. OPEX was reduced by 6 percent year-on-year. The EBITDA-loss in Q1 24 was USD 1.8 million (-19percent margin) compared to a loss of USD 3.2 million in Q1 23 (-37 percent margin).

Airthings Renew

Airthings introduced the Airthings Renew smart air purifier during the 2024 Consumer Electronics Show (CES) in Las Vegas in January 2024. Our customer base in the United States continues to strengthen, with California emerging as our fastest growing market in 2023. The potential for growth in this region is significant, due to the increasing presence of wildfires and subsequent focus on home air quality. Renew, our first smart purifier, was developed in response to customers who want to actively clean the air while having an air purifier that works seamlessly in the Airthings ecosystem. We have already received a satisfactory number of pre-orders, and the product marks our first entry into the growing air purifier market.



Airthings Renew

Outlook and guidance

Airthings reported revenues of USD 9.5 million in Q1 24, within the USD 9.0 – 11.0 million guided range when announcing the Q4 23 results.

We see a growing underlying demand in the Consumer segment, with increasing organic traction in the company's own digital sales channel. The segment is seasonal, focusing on radon and cold weather pollution in the winter and pollen allergy and wildfires in the spring and summer. The company will maintain a focused and disciplined go-to-market strategy. The launch of new products and features, combined with targeted marketing to increase awareness, is expected to further drive consumer demand.

The Business segment represents vast potential, due to both increasing energy prices and nations' climate goals. The segment is volatile in nature, heavily dependent on the timing of new and larger deals with individual customers, causing quarterly fluctuations in revenue. Our pipeline of potential deals is solid, and Airthings is well-positioned to engage with large accounts as soon as the US real estate market recovers. We will continue to concentrate sales efforts on larger and strategically important accounts, including large public school districts in the United States.

Going forward, we will maintain our focus on accelerating the path to profitability, reducing risk and further stabilizing our cash position through continued revenue growth, expansion of gross profit margins, and an automated, scalable and more efficient operating model. Our ambition is to yield positive and expanding EBIT/EBITDA margins over time.

Airthings continues to reduce our working capital requirements, mainly through efforts to reduce inventory and receivables. The number of days of inventory was reduced from 386 days to 360 days in the quarter. The work to further reduce working capital will continue through 2024. Airthings aims to reduce inventory to 250 days at year-end, assuming no significant currency effects boost the value of inventory.

Our current operational plans are expected to be fully funded to break even based on a lower cash burn, an accelerated path to profitability, and reduced net working capital.

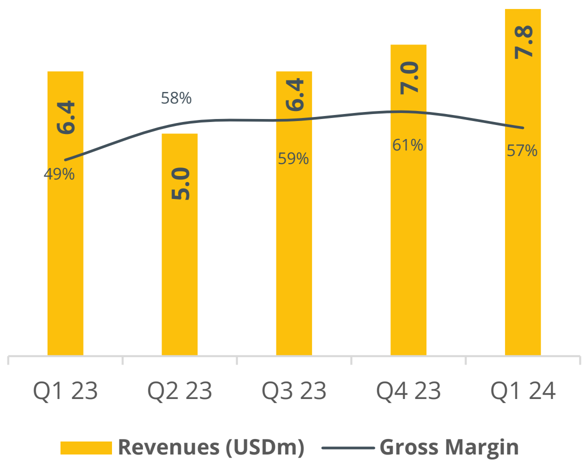
Revenues in Q2 24 are expected to end in the range of USD 8-10 million, corresponding to a year-on-year growth of 7-34 percent. ARR is expected to increase slightly, to USD 4.3 - 4.5 million.

USDm	Guidance Q2 2024
Revenue	8.0 - 10.0
ARR	4.3 - 4.5

Segment overview

The Consumer segment

Revenues from the Consumer segment came in at an all-time high of USD 7.8 million in Q1 24, up 22 percent year-on-year. The Consumer segment saw steady underlying demand across all channels, mainly driven by solid performance, with Amazon boosted by targeted activities during the Radon Awareness Month in January.



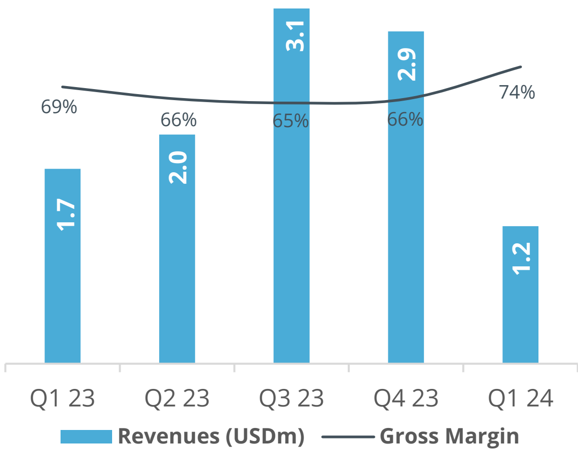
New device registrations for connected products increased 8 percent year-on-year in Q1 24. In combination with more targeted sales through airthings.com, a higher prevalence of repeat purchases, and increased bundle sales. This indicates healthy underlying demand for Airthings', solutions and an increasing share of multiroom monitoring. The growth rate of 8 percent was below the record high 30 percent growth in Q1 23, which was driven by heavy promotional activities. In contrast, average order value on our direct channel grew +25 percent in Q1 24.

In Q1, we continued our execution of the Airthings 3.0 strategy through the build-up of our direct sales channel, significant global growth on the Amazon marketplace, and focus on a few select retailers. Healthy inventory levels across all channels provided increased visibility for future quarters. Following a recovery period in 2023, global retail improved in 2024, and retail partners such as Home Depot, Canadian Tire and Best Buy Canada, Elkjøp and Clas Ohlson delivered solid growth.

Gross profit in the Consumer segment came in at USD 4.4 million in Q1 24, resulting in a gross margin of 57 percent compared to 49 percent in Q1 23. The improvement largely reflected higher price points stemming from lower levels of promotional activities compared to Q1 23, and a larger share of higher margin sales through airthings.com.

The Business segment

Revenues from the Business segment came in at USD 1.2 million in Q1 24, down 34 percent from Q1 23.
The Business segment is volatile in nature, heavily dependent on the timing of new and larger deals with individual customers, causing quarterly fluctuations in revenue recognition. Despite no large shipments in the first quarter, the pipeline of large projects grew and the longer-term outlook for the Business segment remained healthy.



The number of devices in the field increased by 33 percent year-on-year in Q1 24, and the company pursued several promising commercial opportunities.
In Q1, Airthings won a request for proposal (RFP) with a global healthcare company to roll out our solutions across their global office locations. The agreement represents significant revenue potential through 2024. Airthings is working closely with some of the largest school districts in the United States, representing another sizable opportunity to fuel revenue growth. In addition, Airthings has installed 1,300 devices at multiple office buildings of the Fortune 500 enterprise customer announced in Q4 23. The rollout will expand further during the year and beyond.

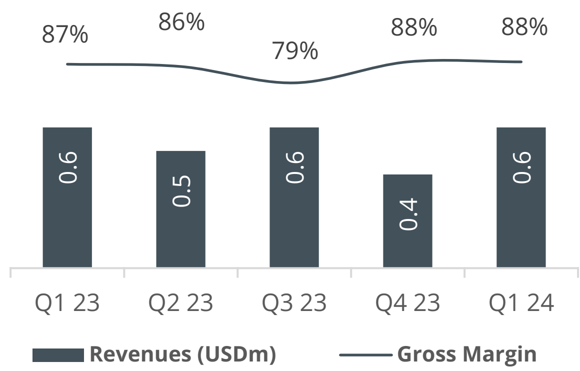
By the end of Q1 24, more than a quarter of all Norwegian municipalities (+100) were using Airthings for Business solutions, a position expected to expand further through 2024. In addition, the public segment in southern Europe showed positive traction, particularly in Italy and Greece. Local partners have approached Airthings to collaborate on potential projects generated by upcoming local legislation for Indoor Air Quality monitoring in both countries.

Gross profit for the Business segment was USD 0.8 million in Q1 24. The gross margin grew to 74 percent compared to 69 percent in Q1 23. This reflected a relatively high share of high-margin software income, in a quarter with limited hardware sales.

The Professional segment

Revenues from the Professional segment reached USD 0.6 million in Q1 24.

Gross profit from the Pro segment was USD 0.5 million in the quarter, with a gross profit margin of 88 percent compared to 87 percent in Q1 23.



Oslo, 14 May 2024

Geir Førre Chairman of the Board	**Liv Dyrnes** Board Member	**Aksel Lund Svindal** Board member
Karin Berg Board member	**Niklas Norin** Board member	**Anlaug Underdal** Board member
	Emma Tryti CEO	

Financial

Financial highlights (IFRS)

Key financials (USD 1,000)	Q1 2024	Q1 2023	Δ	2023
Total revenues	9,511	8,752	9%	36,592
Gross profit	5,756	4,865	18%	22,290
Gross margin	61%	56%		61%
EBITDA	-1,843	-3,206		-6,832
EBIT	-2,220	-3,593		-8,349
Profit (loss) before tax	-1,020	-2,605		-8,030
Annual Recurring Revenue	4,205	3,983	6%	4,175

Consolidated statement of profit or loss

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

Operating expenses for the group came in at USD 7.5 million in Q1 24, down 6% from Q1 23. After controlling for currency effects and capitalization of intangible assets and grants, the overall cost base has held relatively constant from Q1 23 and Q4 23 despite significant inflationary pressures on wages and prices as well as payroll tax increases in Norway.

EBITDA came in at negative USD 1.8 million in the quarter.

Depreciation and amortization was USD 0.4 million in Q1 24, driven by depreciation of internally generated intangible assets and right-of-use assets for the period for leases recognized under IFRS 16 (see note 7).

EBIT came in at negative USD 2.2 million in 1Q24.

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

Loss before taxes ended at USD 1.0 million in Q1 24.

Tax income was USD 0.2 million in Q1 24 (see note 8). This resulted in a **net loss** of USD 0.8 million in Q1 24.

Consolidated statement of financial position

Total assets at the end of Q1 24 were USD 60.0 million (end Q4 23: USD 64.7 million). Non-current assets made up USD 17.5 million (end Q4 23: USD 18.5 million), and current assets USD 42.5 million (end Q4 23: USD 46.1 million). Non-current assets mainly consisted of goodwill, intangible assets, deferred tax assets and right of use assets. Current assets were mainly made up of USD 13.2 million in cash and cash equivalents, inventories and trade receivables. Since 2022, inventories have fallen by USD 4.6 million due to the company's heightened focus on improving its working capital situation.

The book value of **equity** was USD 46.6 million at the end of the quarter (end Q4 23: USD 50.3 million). This equated to an equity ratio of 77.6% (end Q4 23: 77.7%)

Total liabilities were USD 13.5 million at the end of Q1 24 (end Q4 23: USD 14.4 million).

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

Consolidated statement of cash flows

Total cash and cash equivalents balance decreased by USD 1.3 million from Q4 23 to USD 13.2 million.

Cash flow from operating activities came in at positive USD 0.1 million in Q1 24 mainly driven by a loss before tax offset by positive working capital as a result of the company's heightened focus on improving its working capital situation as well as external financing.

Cashflow from investment activities ended at negative USD 0.3 million in Q1 24 driven by capitalization development costs offset by interest on the growth loan from Innovation Norway.

Cashflow from financing activities was negative USD 0.3 million in Q1 24 related to payments of lease liabilities recognized under IFRS 16.

Consolidated statement of profit or loss

Amounts in USD 1,000	Notes	Unaudited Q1 2024	Unaudited Q1 2023	Audited 2023
Revenues	4, 5	9,511	8,752	36,592
Total revenues		**9,511**	**8,752**	**36,592**
Cost of goods sold	7	3,755	3,887	14,302
Employee benefit expenses	6	3,643	4,172	15,090
Other operating expenses	6	3,956	3,899	14,033
Operating profit or loss before depreciation & amortization (EBITDA)		**-1,843**	**-3,206**	**-6,832**
Depreciation, amortization and impairment	7	377	387	1,517
Operating profit or loss (EBIT)		**-2,220**	**-3,593**	**-8,349**
Net financial items		1,199	988	320
Profit (loss) before tax		**-1,020**	**-2,605**	**-8,030**
Income tax expense	8	-222	-524	-1,772
Profit (loss) for the period		**-798**	**-2,081**	**-6,258**

Profit (loss) for the year attributable to:				
Equity holders of the parent company		-798	-2,081	-6,258
Earnings per share:				
Basic earnings per share	12	-0.00	-0.01	-0.03
Diluted earnings per share	12	-0.00	-0.01	-0.03

Consolidated statement of comprehensive income

Amounts in USD 1,000	Notes	Unaudited Q1 2024	Unaudited Q1 2023	Audited 2023
Profit (loss) for the period		**-798**	**-2,081**	**-6,258**
Other comprehensive income:				
Items that subsequently will not be reclassified to profit or loss:				
Exchange differences on translation of parent company		-2,904	-3,213	-1,838
Total items that will not be reclassified to profit or loss		**-2,904**	**-3,213**	**-1,838**
Items that subsequently may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		-13	2	-3
Total items that may be reclassified to profit or loss		**-13**	**2**	**-3**
Other comprehensive profit (loss) for the period		**-2,917**	**-3,211**	**-1,841**
Total comprehensive profit (loss) for the period		**-3,715**	**-5,292**	**-8,099**
Total comprehensive profit (loss) attributable to:				
Equity holders of the parent company		-3,715	-5,292	-8,099

Consolidated statement of financial position

		Unaudited		Audited
Amounts in USD 1,000	**Notes**	**31.03.2024**	**31.03.2023**	**31.12.2023**
ASSETS				
Non-current assets				
Goodwill	7	2,621	2,702	2,783
Intangible assets	7	3,619	2,599	3,610
Deferred tax assets	8	8,552	7,246	8,849
Property, plant and equipment		502	752	639
Right-of-use assets		2,154	3,004	2,520
Other non-current assets	13	98	129	111
Total non-current assets		**17,546**	**16,432**	**18,510**
Current assets				
Inventories		14,155	17,116	15,320
Trade receivables		9,395	10,378	11,175
Other receivables		5,696	6,204	5,096
Cash and cash equivalents	9	13,231	15,427	14,553
Total current assets		**42,477**	**49,126**	**46,143**
TOTAL ASSETS		**60,023**	**65,558**	**64,653**

Amounts in USD 1,000	Notes	Unaudited 31.03.2024	Unaudited 31.03.2023	Audited 31.12.2023
EQUITY AND LIABILITIES				
Equity				
Share capital	11	215	215	215
Share premium		86,383	86,362	86,383
Other capital reserves		2,375	2,200	2,359
Other equity		-42,409	-35,888	-38,694
Total equity		**46,564**	**52,890**	**50,264**
Non-current liabilities				
Non-current interest-bearing liabilities	10	1,296	0	1,376
Non-current lease liabilities		1,585	2,396	1,903
Other non-current liabilities	13	101	119	108
Total non-current liabilities		**2,982**	**2,515**	**3,388**
Current liabilities				
Current lease liabilities		805	864	885
Trade and other payables		6,106	6,207	6,526
Contract liabilities		1,798	1,360	1,368
Income tax payable		25	36	73
Other current liabilities	10	1,742	1,686	2,150
Total current liabilities		**10,476**	**10,153**	**11,001**
Total liabilities		**13,459**	**12,668**	**14,389**
TOTAL EQUITY AND LIABILITIES		**60,023**	**65,558**	**64,653**

Oslo, 14 May 2024

Geir Førre
Chairman of the Board

Liv Dyrnes
Board Member

Aksel Lund Svindal
Board member

Karin Berg
Board member

Niklas Norin
Board member

Anlaug Underdal
Board member

Emma Tryti
CEO

Consolidated statement of cash flows

		Unaudited		Audited
Amounts in USD 1,000	**Notes**	**Q1 2024**	**Q1 2023**	**2023**
Cash flows from operating activities				
Profit (loss) before tax		**-1,020**	**-2,605**	**-8,030**
Adjustments to reconcile profit before tax to net cash flows:				
Net financial items		-1,199	-988	-320
Depreciation, amortization and impairment	7	377	387	1,517
Share-based payment expense	13	16	133	292
Working capital adjustments:				
Changes in inventories		1,165	1,597	3,394
Changes in trade and other receivables		1,180	-1,368	-1,057
Changes in trade and other payables and contract liabilities		10	279	606
Changes in other liabilities		-415	-604	194
Net cash flows from operating activities		**113**	**-3,169**	**-3,403**
Cash flows from investing activities				
Development expenditures	7	-350	-413	-1,678
Purchase of property, plant and equipment		-14	-26	-92
Interest received		105	22	395
Net cash flow from investing activities		**-258**	**-417**	**-1,375**
Cash flow from financing activities				
Proceeds from issuance of equity	11		7,122	7,143
Proceeds of interest-bearing liabilities	10			1,300
Payments for the principal portion of the lease liability		-193	-185	-724
Payments for the interest portion of the lease liability		-35	-45	-159
Interest paid		-26		-52
Net cash flows from financing activities		**-254**	**6,892**	**7,508**
Net increase/(decrease) in cash and cash equivalents		**-399**	**3,306**	**2,730**
Cash and cash equivalents beginning of the period		14,553	13,274	13,274
Net foreign exchange difference		-923	-1,154	-1,451
Cash and cash equivalents at end of the period		**13,231**	**15,427**	**14,553**

Consolidated statement of changes in equity

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity: Cumulative translations differences	Other equity: Retained earning	Total equity
Equity 31 December 2022	**192**	**78,979**	**2,068**	**-5,062**	**-25,248**	**50,928**
Profit (loss) for the period					-2,081	-2,081
Other comprehensive profit (loss)				-3,211		-2,211
Total comprehensive profit (loss)				**-3,211**	**-2,081**	**-5,292**
Capital increase (note 11)	23	7,383				7,406
Transaction cost share issues					-285	-285
Share-based payments (note 13)			133			133
Equity 31 March 2023	**215**	**86,362**	**2,200**	**-8,274**	**-27,614**	**52,890**

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity: Cumulative translations differences	Other equity: Retained earning	Total equity
Equity 31 December 2023	**215**	**86,383**	**2,359**	**-6,903**	**-31,791**	**50,264**
Profit (loss) for the period					-798	-798
Other comprehensive profit (loss)				-2,917		-2,917
Total comprehensive profit (loss)				**-2,917**	**-798**	**-3,715**
Share-based payments (note 13)			16			16
Equity 31 March 2024	**215**	**86,383**	**2,375**	**-9,820**	**-32,589**	**46,565**

Notes

Note 1: Corporate information

Airthings ASA ('the Company') is a publicly listed company on Oslo Stock Exchange, with the ticker symbol AIRX. Airthings ASA is incorporated and domiciled in Norway with principal offices located at Wergelandsveien 7, 0167 Oslo, Norway.

Airthings and its subsidiaries (collectively 'the Group', or 'Airthings') develop and produce solutions for monitoring indoor air quality, radon and energy efficiency. The Group sells its products and solutions to consumers and businesses around the world.

The interim consolidated financial statements of the Group for the period ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 14 May 2024.

Reference is made to note 4.1 in the Group's consolidated financial statements for the year ended 31 December 2023 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' 2023 consolidated financial statements as of 31 December 2023. 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 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

Presentation currency and functional currency

Airthings ASA has Norwegian krone ('NOK') as its functional currency and its subsidiaries have SEK or USD as their functional currencies. The Group presents its consolidated financial statements in USD to provide the primary users of the financial statements with more convenient information. When converting from NOK to USD large items on the balance sheet, such as Equity and Cash and cash equivalents, may show significant unrealized differences when the exchange rate between these two currencies fluctuates substantially.

Note 3: Significant accounting judgements, estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

In preparing the interim consolidated financial statements, the significant judgments, estimates and assumptions made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to Airthings' annual financial statements for the year ended 31 December 2023.

Note 4: Operating segments

For management purposes, the Group is organized into business areas based on its different markets and has three reportable segments, as follows:

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

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

The Board of Directors is the Group's chief operating decision maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA measured consistently with operating profit or loss before depreciation and amortization. The Group's financing (including finance costs and finance income), depreciation and amortization and income taxes are managed on a Group basis and are not allocated to operating segments.

Group functions

The remaining of the Group's activities and business are shown in the 'Group functions' column in the tables below. These activities mainly relate to R&D, marketing and administrative functions of the Group.

Q1 2024 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	7,786	1,151	574		9,511
Total revenue	**7,786**	**1,151**	**574**		**9,511**
Cost of goods sold	3,383	301	71		3,755
Employee benefit expenses	357	934	73	2,279	3,643
Other operating expenses	1,973	256	122	1,606	3,956
EBITDA	**2,073**	**-340**	**308**	**-3,884**	**-1,843**

Q1 2023 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	6,401	1,735	616		8,752
Total revenue	**6,401**	**1,735**	**616**		**8,752**
Cost of goods sold	3,268	538	81		3,887
Employee benefit expenses	621	1,121	75	2,355	4,172
Other operating expenses	1,744	205	129	1,811	3,899
EBITDA	**769**	**-129**	**321**	**-4,166**	**-3,206**

2023 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	24,773	9,673	2,145		36,592
Total revenue	**24,773**	**9,673**	**2,145**		**36,592**
Cost of goods sold	10,735	3,242	325		14,302
Employee benefit expenses	1,667	3,878	290	9,255	15,090
Other operating expenses	6,187	957	590	6,308	14,033
EBITDA	**6,193**	**1,597**	**941**	**-15,563**	**-6,832**

Segmental analysis of assets and liabilities

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

Geographical disaggregation

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

Note 5: Revenue

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

- The consumer segment sells air quality sensors to private customers through retailers and e-commerce
- The business segment sells air quality solutions to schools, office buildings, and other commercial buildings
- The professional segment sells measurement solutions which enables inspectors and certified radon professionals to accurately measure, analyze and report on buildings. The professional segment also offers rental of products and calibration services

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

Revenues (USD 1,000)	Q1 2024	Q1 2023	2023
Revenue from contracts with customers	9,419	8,649	36,185
Rental income	92	103	407
Total revenues	**9,511**	**8,752**	**36,592**

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

Geographical information (USD 1,000)	Q1 2024	Q1 2023	2023
EMEA	1,661	1,851	7,961
North America (USA and Canada)	7,759	6,797	28,224
Total revenue from contracts with customers	**9,419**	**8,649**	**36,185**

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

Timing of revenue recognition (USD 1,000)	Q1 2024	Q1 2023	2023
Goods transferred at a point in time	8,416	7,792	32,991
Subscription and services transferred over time	1,003	857	3,244
Total revenue from contracts with customers	**9,419**	**8,649**	**36,185**

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)	Q1 2024	Q1 2023	2023
Sales and marketing	4,673	5,073	17,706
Research and development	1,570	1,895	6,496
General and administrative	1,356	1,102	4,921
Total operating expenses	**7,599**	**8,071**	**29,123**
Number of employees	128	140	129

Note 7: Intangible assets

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

Depreciation, amortization and impairment (USD 1,000)	Q1 2024	Q1 2023	2023
Depreciation of property, plant and equipment	55	66	284
Depreciation of right-of-use assets	190	191	735
Amortization and impairment of intangible assets (see details in the table below)	133	130	497
Total depreciation, amortization and impairment expenses	**377**	**387**	**1,517**

Nature of the Group's intangible assets

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

(USD 1,000)	Capitalized development costs	Software & systems	Technology	Goodwill 1)	Total
Acquisition cost as of 31 December 2022	**1,148**	**1,171**	**2,383**	**2,872**	**7,574**
Additions*	413				413
Transfer of finished development projects					
Currency translation effects	-68	-69	-141	-170	-448
Acquisition cost as of 31 March 2023	**1,493**	**1,102**	**2,242**	**2,702**	**7,539**
Acquisition cost as of 31 December 2023	**2,479**	**1,232**	**2,583**	**2,783**	**9,076**
Additions*	321		28		350
Transfer of finished development projects					
Currency translation effects	-145	-72	-148	-163	-528
Acquisition cost as of 31 March 2024	**2,655**	**1,160**	**2,463**	**2,620**	**8,898**
Accumulated amortization as of 31 December 2022		**554**	**1,690**		**2,244**
Amortization charge for the period		95	34		130
Currency translation effects		-35	-101		-136
Accumulated amortization as of 31 March 2023		**614**	**1,624**		**2,238**
Accumulated amortization as of 31 December 2023		**864**	**1,823**		**2,687**
Amortization charge for the period		77	56		133
Currency translation effects		-53	-109		-162
Accumulated amortization as of 31 March 2024		**888**	**1,769**		**2,658**
Net book value:					
As of 31 March 2023	**1,493**	**488**	**618**	**2,702**	**5,301**
As of 31 December 2023	**2,479**	**370**	**760**	**2,783**	**6,392**
As of 31 March 2024	**2,655**	**271**	**694**	**2,620**	**6,240**
Economic life (years)		5	3-5	Indefinite	
Depreciation plan		Straight-line			

* Development expenditures

1) Goodwill

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

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

Note 8: Income tax

The consolidated tax rate for the Group are approximately 22%. The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 20.6% to 22%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the Group. The effect from the statutory income tax rates from other countries (Sweden and USA) on the Group tax rate is very limited as the main operations are in Norway.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Tax losses carried forward in the parent company have been fully recognized as deferred tax assets in the consolidated financial statements, as the Group consider it to be probable that these taxable losses may be utilized in the future. Reference is made to note 2.8 in the Group's consolidated financial statements for the year ended 31 December 2023 for more information.

Note 9: Revolving credit facility

In 1Q 2023 Airthings secured a USD 8 million revolving credit facility (RCF) with Danske Bank which was renewed in 1Q 2024. The size was reduced to USD 6 million due to an overall improved working capital situation. As of 31 March 2024, USD 0 million of the facility was utilized. The RCF has a tenor of 12 months and falls due 31 March 2025. When the facility is utilized, it will be classified as short-term interest-bearing debt in the financial statements.

Covenants:

1. Borrowing base: Utilized facility < 30% of inventory and 50% of trade receivables excl. trade receivables more than 60 days due

2. Clean-down: Minimum 1 period of 5 working days between 1 September 2024 and 31 March 2025

Covenants will be measured and monitored quarterly. Airthings was compliant with all covenants as of 31 March 2024.

Note 10: Grants and growth loan from Innovation Norway

In May 2023, Airthings secured funding from Innovation Norway linked to the companies R&D activities with final reporting 31 March 2025. A maximum grant of 17 MNOK and a growth loan of maximum 24 MNOK were awarded to the company. The company received 5.1 MNOK of the grant and 14 MNOK of the growth loan in a first installment of the funding.

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

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

Covenants will be measured and monitored quarterly. Airthings was compliant with all covenants as of 31 March 2024.

Note 11: Share capital and shareholders information

Issued capital and reserves:

Share capital in Airthings ASA	Number of shares authorized and fully paid	Par value per share (NOK)	Financial Position (USD 1,000)
At 31 December 2022	**173,992,346**	**0.01**	**192**
Share capital increase - February 2023	23,437,500*	0.01	23
At 31 March 2023	**173,992,346**	**0.01**	**215**
Share capital increase - November 2023	328,600	0.01	0
At 31 December 2023	**197,758,446**	**0.01**	**215**
At 31 March 2024	**197,758,446**	**0.01**	**215**

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

All shares are ordinary and have the same voting rights and rights to dividends. Reconciliation of the Group's equity is presented in the statement of changes in equity.

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

Share price information	
Share 31 March 2024 (NOK)	2.90
Market capitalization 31 March 2024 (NOKm)	573

The Group's shareholders:

Shareholders in Airthings ASA at 31 March 2024	Total shares	Ownership/Voting rights
Firda AS	57,213,289	29%
Holmen Spesialfond	9,298,059	5%
Victoria India Fund AS	5,901,881	3%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,894,522	2%
Erlend Peter Johnsen Bolle	4,819,722	2%
Verdipapirfondet KLP AksjeNorge	4,462,222	2%
Koki Yoshioka	4,166,650	2%
Brownske Bevegelser AS	3,500,000	2%
The Bank Of New York Mellon SA/NV	3,500,000	2%
A Management AS	3,311,098	1%
Skilling Systemer AS	2,850,000	1%
Møsbu AS	2,814,236	1%
Longfellow Invest AS	2,753,534	1%
Spectatio Finans AS	2,666,101	1%
Nore-Invest AS	2,450,659	1%
Grotmol Invest AS	2,434,403	1%
Storlien Invest AS	2,432,000	1%
Bjørn Magne Sundal	1,830,000	1%
Other	65,022,238	33%
Total	**197,758,446**	**100%**

The Group's shareholders:

Shareholders in Airthings ASA at 31 December 2023	Total shares	Ownership/Voting rights
Firda AS	57,213,289	29%
Victoria India Fund AS	5,901,881	3%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,894,522	2%
Erlend Peter Johnsen Bolle	4,819,722	2%
Verdipapirfondet KLP AksjeNorge	4,462,222	2%
Holmen Spesialfond	4,228,559	2%
Koki Yoshioka	4,166,650	2%
Brownske Bevegelser AS	3,500,000	2%
The Bank Of New York Mellon SA/NV	3,500,000	2%
A Management AS	3,311,098	2%
Danske Invest Norge Vekst	2,962,962	1%
Skilling Systemer AS	2,850,000	1%
Møsbu AS	2,814,236	1%
Longfellow Invest AS	2,753,534	1%
Nore-Invest AS	2,450,659	1%
Grotmol Solutions AS	2,434,403	1%
Storlien Invest AS	2,432,000	1%
Spectatio Finans AS	2,287,877	1%
Other	69,337,000	35%
Total	**197,758,446**	**100%**

Note 12: Earnings per share

(Profit or loss in USD)	Q1 2024	Q1 2023	2023
Profit or loss attributable to ordinary equity holders - for basic EPS	-1,026,757	-2,081,115	-6,257,752
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-1,026,757	-2,081,115	-6,257,752
Weighted average number of ordinary shares - for basic EPS	197,758,446	186,106,110	194,708,073
Weighted average number of ordinary shares adjusted for the effect of dilution	199,867,793	188,630,957	196,862,214
Basic EPS - profit or loss attributable	**-0.01**	**-0.01**	**-0.03**
Diluted EPS - profit or loss attributable*	**-0.01**	**-0.01**	**-0.03**

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

Note 13: Share-based payments

Employees (including members of the Board and management) of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments (equity-settled transactions). As at 31 March 2024, the Group had 10,804,447 outstanding options with a weighted average strike price of NOK 2.46. Reference is made to note 6.8 of Airthings' 2023 consolidated financial statements for a description of the Group' share option plans.

During 1Q 2024, 1,942,452 share options were granted to employees under the Group's share option plan from 2023. The fair value of the options granted during the three months ended 31 March 2024 was estimated on the date of grant using the following assumptions:

Weighted average fair values at the measurement date (NOK)	1.55
Dividend yield (%)	0.00%
Expected volatility (%)	57.91%
Risk–free interest rate (%)	3.36%
Expected life of share options (years)	4.75
Weighted average share price (NOK)	2.96
Weighted average exercise price (NOK)	2.85
Model used	BSM

YTD 2024, the Group has recognized USD 16 thousands of share-based payment expense in the statement of profit or loss (YTD 2023: USD 133 thousands).

As of 31 March 2024, the Group has recognized a social security provision for share-based payment of USD 101 thousands (31 March 2023: USD 119 thousands).

Note 14: Other factors and significant events

Reference is made to note 6.4 of Airthings' 2023 consolidated financial statements. The key risk areas are discussed below:

Liquidity risk - represents the risk that the Group may potentially encounter difficulties in meeting obligations associated with financial liabilities that are settled by provision of cash or another financial asset. The Group supervises its risk by monitoring its cash balances and working capital exposure, as well as production commitments to main contract manufacturers. The Group has intensified its focus on optimizing business operations, reducing current and incoming inventories and collecting overdue receivables.

The Group raised NOK 75.0 million in gross proceeds through a private placement of 23,437,500 shares in February 2023. In addition, the Group secured funding from Innovation Norway in the form of a NOK 17.0 million grant and a loan of NOK 24.0 million. NOK 5.1 million of the grant and NOK 14.0 million of the loan were paid out to the Group in 2Q 2023. The Group's cash position was USD 13.2 million on 31 March 2024. The Group also has access to liquidity through a revolving credit facility (RCF) with Danske Bank. This was initially entered for USD 8 million in 1Q 23 and renewed for USD 6 million in 1Q 24. The liquidity risk is hence considered to be at a reasonable level.

Geopolitical risks - the ongoing war in the Ukraine does not impact the Group directly, as it has no operating presence in either Russia, Belarus or Ukraine. However, indirect effects such as general economic market conditions, financial market volatility, sanctions-related knock-on effects or other future responses of international governments, might have an impact on the Group's financial results and financial position. Similarly, the ongoing war in Israel/Gaza is not currently impacting the Group, although the Group has a very limited exposure through a contract manufacturer near Tel Aviv in Israel. The Group's management continuously monitors these situations and assesses the potential impact on the Group's financial results and financial position.

Climate risk - the Group has considered the impact of climate risks when preparing the Group's interim consolidated financial statements for the period ended 31 March 2024. We have especially considered how our current valuation of assets and liabilities may be impacted by risks related to climate and weather change, waste management, manufacturing, material and sourcing risk and water consumption and innovation for a circular economy, as well as our plans to mitigate those risk factors. Especially, the Group's climate change risk analysis has identified the following:

- Higher energy price fluctuations might affect the Group's manufacturing costs in the short run
- More extreme weather might affect infrastructure, manufacturing/operations, logistics and component scarcity both in the shorter and longer run
- Potential future regulation related to improved battery usage and waste management might lead to changes in product development and manufacturing, potentially increasing manufacturing expenses in the long run

We do not believe that there is a material impact on the financial reporting judgments and estimates arising from our considerations. The valuations of our assets or liabilities have not been significantly impacted by these risks as at 31 March 2024.

Note 15: Events after the reporting period

Adjusting events

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

Non-adjusting events

Changes in Airthings management team

Airthings appointed Helge Øien as Chief Financial Officer on April 25, 2024. At the same time, the company has appointed Hanne Norstrøm-Ness as Senior Vice President of Airthings Consumer and Gudrun Helset as Chief of People and Organization.

Norstrøm-Ness and Helset will assume their new positions on August 1, 2024 while Øien will take over as CFO on November 1, at the latest.

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 YTD 2024 and YTD 2023 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)	Q1 2024	Q1 2023[1)]	2023
MRR	350	306	348
ARR	**4,205**	**3,677**	**4,175**

[1)] Downward revision of ARR in the Pro segment in Q1 23 causing a reduction from USD 4.0 million to USD 3.7 million in Q1 23.

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)	Q1 2024	Q1 2023	2023
Revenue	9,511	8,752	36,592
EBITDA	**-1,843**	**-3,206**	**-6,832**
EBITDA margin	**-19%**	**-37%**	**-19%**

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)	Q1 2024	Q1 2023	2023
Revenue	9,511	8,752	36,592
Cost of goods sold	3,755	3,887	14,302
Gross profit	**5,756**	**4,865**	**22,290**
Gross profit margin	**61%**	**56%**	**61%**

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.
WHAT KIDS BUY AND WHY
Muller Van Severen