



3Q report 2023



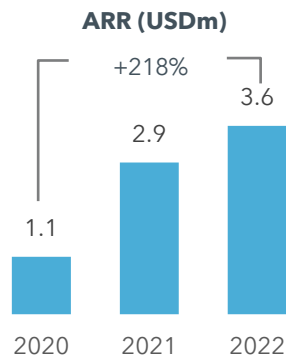
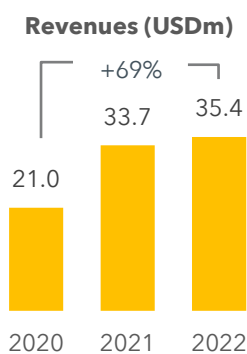


Airthings at a glance

A hardware-enabled software company solving real issues

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

Robust growth



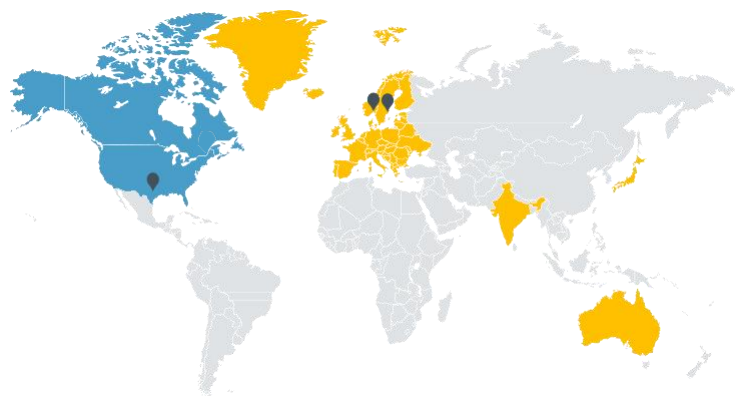
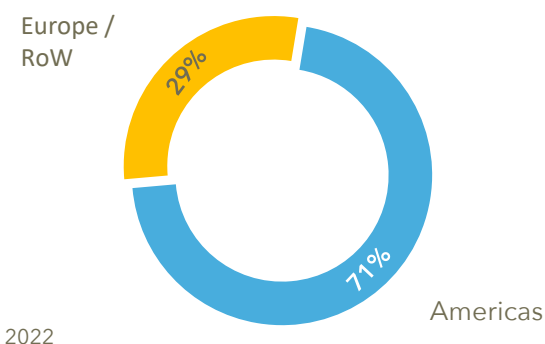
Supported by lasting factors & megatrends



Delivering elegant products and actionable insights



International presence



Key highlights

1

Awarded follow-up order of

USD 2.4 million

from global enterprise customer in Airthings for Business, with USD 1.0 million recognized in 3Q23

2

3Q represented

Highest revenue quarter since 4Q21

though largely flat with a strong 3Q22

3

Consumer Device Registrations

Up +26% YTD

and +18% year-on-year

4

Sales

Up +100% YoY

on Airthings.com, in line with strategy

5

3Q sales revenue of

USD 10.1m

largely flat year-on-year

6

3Q sales gross profit of

USD 6.3m

gross profit margin of 62%

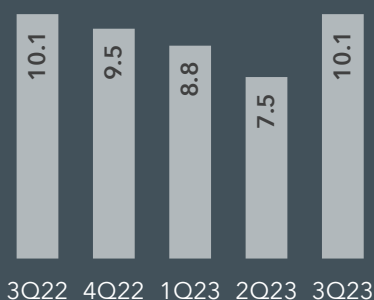
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Total ARR reached

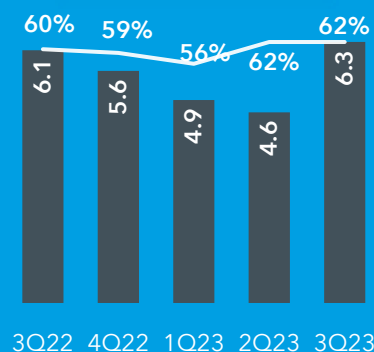
USD 4.1m

up 18% year-on-year

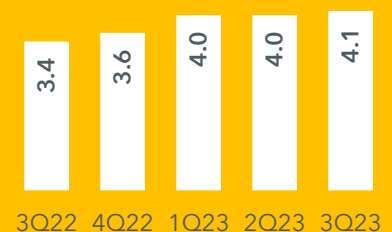
GROUP SALES REVENUE
(USDm)



SALES GROSS PROFIT
(USDm)



ANNUAL RECURRING REVENUE
(USDm)



Operational review

Revenue and margin development

Airthings reported revenue of USD 10.1 million in 3Q23, largely flat year-over-year but a substantial 35% growth compared to the previous quarter. Notably, the third quarter of 2023 marked the highest revenue achieved since 4Q21.

Revenue from the Consumer segment ended flat year-on-year, supported by strong performance on Airthings.com and continued promotional activities. Airthings for Business ended down 4% year-on-year compared to a particularly strong 3Q22.

End-customer demand continued its positive trajectory, with Consumer new device registrations from smart products increasing 26% year-to-date and 18% year-on-year.

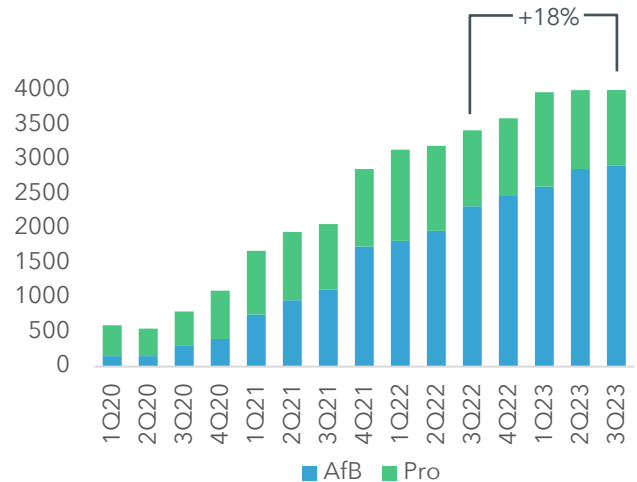
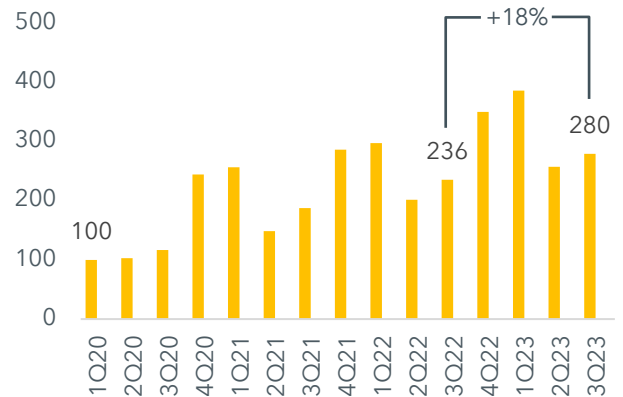
Overall gross margin ended at 62%, up from 60% in 3Q22 and flat with 2Q23. The year-on-year growth was primarily driven by higher margins in Airthings for Business due to a higher share of revenues coming from software versus a year ago.

Annual recurring revenue (ARR)

Annual Recurring Revenue (ARR) came in at USD 4.1 million in 3Q22, representing 18% growth year-on-year. The increase is mainly reflective of the 25% growth achieved in Airthings for Business. For the third quarter, ARR came in at the low end of the guided range of USD 4.1 – 4.4 million, mainly attributed to currency effects.

The gross margin from ARR revenue remains >80%.

Consumer Device Registrations
(Indexed - 1Q2020 = 100)

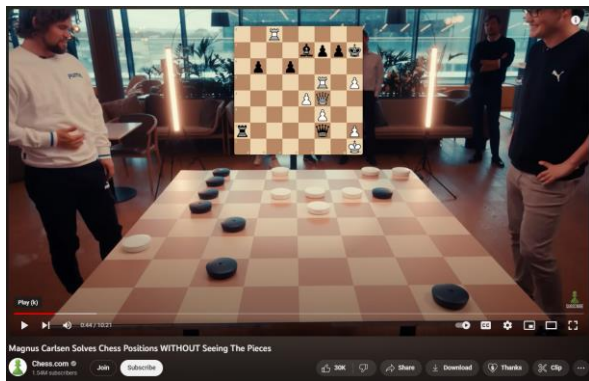


Product and Marketing

In the third quarter of 2023 Airthings continued its expansion of the product portfolio in Airthings for Business. The partnership with Lindab was expanded from being solely a demand-based ventilation solution, to demand-based solution with a broader scope comprising heating, cooling, and ventilation. This has been requested by many customers to further reduce the energy consumption of buildings and was rolled out in September 2023. The company also entered new strategic partnerships with Planon, Rentokil Initial, and DMI Companies in 3Q23.

The company increased its visibility and generated a range of leads from attending CREtech and IFMA in the US, and the Proptech Summit in Norway. In the Consumer segment, in-store sell-through is increasing with focus on key retailers through premium product placements and in-store marketing.

Other branding activities in the quarter included a video of "Magnus Carlsen Solves Chess Positions Without Seeing the Pieces" released with Chess.com yielding more than 2 million views, a feature in Mark Saltzman's radio show Teach it Out, and an Article with Bob Vila Online yielding 16 million views. The company has a packed promotional calendar for 4Q23, a quarter that is typically the peak season for consumer goods.



bob vila™

Risks and uncertainty

Please see note 14 of the 3Q 2023 report and note 6.3 of Airthings' 2022 consolidated financial statements for reference. The outbreak of war in Israel/Gaza represents a new, but very limited, risk since the publication of the 2022 Annual Report. Airthings considers the company's overall risk exposure for the upcoming 6 months to be at a low to moderate level and key operational risks including credit risks, currency risks and interest risks are actively monitored and supervised on an ongoing basis. Airthings had a cash balance of USD 15.5 million at the end of 3Q 2023, and the Board considers the liquidity risk to be low.

Outlook and guidance

Airthings reported revenue of USD 10.1 million in 3Q23, flat year-on-year and within the USD 9.0 – 12.0 million range guided in the second quarter release.

USDm	Revenue and ARR Guidance 4Q23
Revenue	9.0 - 12.0
ARR	4.1 - 4.4

Revenue in 4Q23 is expected to end in the range of USD 9.0 - 12.0 million, the same range as the company indicated for the third quarter. In the fourth quarter last year, revenue came in at USD 9.5 million. ARR is expected to increase to USD 4.1 - 4.4 million at the end of 4Q23, up 14-22% year-on-year.

Airthings has spent the quarter continuing to implement its revised strategy, Airthings 3.0, and is seeing early fruition from these efforts. The new strategy is focused on increasing the number of customers and customer lifetime value through a selective go-to-market strategy, increased product focus on software, and an improved operating model.

In the Consumer segment the priority is to unlock the potential of Airthings.com, go deeper with key channel and retail partners such as Amazon, and enhance the product experience with a heavy emphasis on strengthening the value proposition of multi-room monitoring (i.e., multiple devices per customer). The revised go-to-market strategy is already driving traffic to the Airthings website and increased sell-through with selected retailers.

Airthings for Business is prioritizing to streamline the partner portfolio with focus on partners adding additional value to the end-user experience, to strengthen the direct outreach to end-users with a selective geographical focus, and to further optimize its solutions to reduce energy consumption and optimize Indoor Air Quality (IAQ). The segment is already seeing more revenue per sales resource and a strong pipeline for 4Q23, leveraging the new strategy and building on recent partnerships and expansions such as Lindab, Planon, Rentokil Initial and DMI Companies.

Airthings is also implementing critical initiatives to improve the operating model. The company will enable full automation of order fulfillment, streamline sales and order processing in Airthings for Business via self-service subscription, and continue to focus on reducing cloud computing costs.

In combination with a maturing market and increased awareness about air quality, the new strategy is expected to bring Airthings towards its full potential. However, the effects will take time to manifest as the current macro environment is still characterized by uncertainty and delayed timelines.

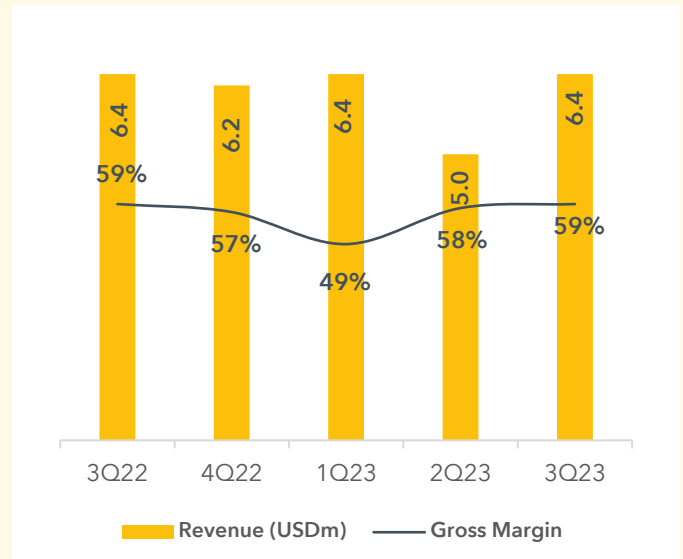
Segment overview

Airthings for Consumer

Revenue from Airthings for Consumer came in at USD 6.4 million in 3Q23, flat year-on-year and up 29% quarter-on-quarter.

The topline was supported by continued underlying growth in new device registrations for connected products, ending at +18% compared to 3Q22 and +26% year-to-date.

The year-on-year revenue growth was higher earlier in the year, and the flat development in 3Q23 reflects high promotional activities in the same quarter of 2022.



Airthings' go-to-market strategy pivot to focus on key channels, retailers, and geographies is already showing promise. Better performance marketing, improvements to the website, and enhanced SEO optimization are showing strong early signs of traction with growth of 100% year-on-year seen on Airthings.com in the quarter. The consumer segment is also seeing increased sell-through at key retailers such as Amazon Global, Home Depot and Clas Ohlson due to selective marketing.

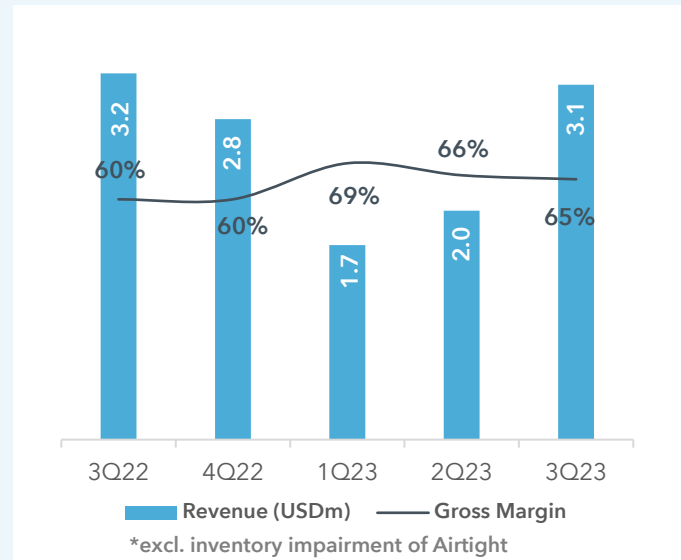
Gross profit came in at USD 3.8 million, giving a Gross Margin of 59%, in line with 3Q22 and up 1%-point from the previous quarter.

Airthings for Business (AfB)

Revenue from Airthings for Business came in at USD 3.1 million in 3Q23, down 4% compared to a particularly strong 3Q22, but up 59% compared to the previous quarter.

The underlying growth in Airthings for Business is progressing well, but the business is still heavily affected by large deals with individual customers, causing fluctuations in the quarter-to-quarter and year-on-year comparisons.

On this note, the company in 3Q22 recorded revenue of USD 1.7 million from a contract with one single enterprise customer, whereas revenue from the largest single customer amounted to USD 1.0 million in 3Q23. The difference was almost fully offset by a sales increase of >30% year-on-year to other Airthings for Business customers.



Airthings' overall market position is expanding on the back of growth in the previous quarters, and the number of devices in the field increased by 47% year-on-year in 3Q23 and by 9% from the previous quarter.

Gross profit for Airthings for Business came in at USD 2.0 million in 3Q23. The Gross Margin ended at 65%, up from 60% in 3Q22 and down from 66% in the previous quarter. The margin reduction from 2Q23 was largely due to higher share of hardware sales.

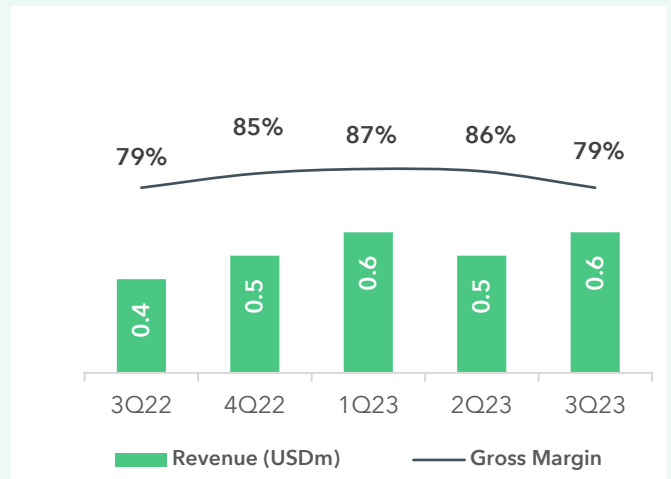
In July 2023, Airthings received a USD 2.4 million order from a partner in the United States, entailing installation of the Airthings for Business solution into commercial buildings around the world. The award is the second from the same global enterprise customer following the USD 3.2 million order announced in 3Q22. Deliveries of the latest order began in 3Q23 with the remainder expected to be delivered in 4Q23. In addition, Airthings was selected by a large U.S. airline to monitor Indoor Air Quality for their pilot spaces.

The continued roll-out of regulations and financial incentives are expected to significantly boost demand in the U.S. and Europe, but the processes will take time. School adoption of IAQ monitoring is still in its infancy, and most of the USD 200 billion U.S. federal funding that includes IAQ has not been spent. Airthings is working closely with local stakeholders and is actively monitoring the situation.

Airthings for Professionals

Sales revenue from the PRO segment reached USD 0.6 million in 3Q23, in a continued challenging US home inspector market.

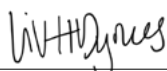
Gross profit from the Pro segment was USD 0.4 million in the quarter, with a Gross Margin of 79%. This compares to 79% in 3Q22 and 86% in 2Q23. The margin decrease since the previous quarter was mainly due to increased share of hardware sales.



Oslo, 25 October 2023



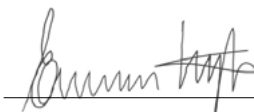
Geir Førrø
Chairman of the Board




Liv Dyrnes
Board Member



Aksel Lund Svindal
Board member



Emma Tryti
Board member



Niklas Norin
Board member



Chloe Waller
Board member



Karin Berg
Board member



Øyvind Birkenes
CEO

Financials



Financial highlights (IFRS)

Key financials (USD 1,000)	3Q 2023	3Q 2022	Δ	YTD 2023	YTD 2022	Δ	2022
Total revenue	10,082	10,052	0%	26,290	25,965	1%	35,424
Gross profit	6,258	6,056	3%	15,750	15,363	3%	20,959
Gross margin	62%	60%		60%	59%		59%
EBITDA	73	-214		-5,868	-9,030		-11,785
EBIT	-318	-498		-7,020	-11,592		-14,662
Profit (loss) before tax	-555	438		-5,984	-9,415		-13,697
Annual Recurring Revenue	4,060	3,429	18%	4,060	3,429	18%	3,602

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 6.2 million in 3Q23 and USD 21.6 million for the first nine months of 2023 (YTD 2023), down 13% YoY from USD 24.4 million from the first nine months of 2022 (YTD 2022).

After controlling for currency effects, the overall cost base has held relatively constant despite significant inflationary pressures on wages and prices as well as payroll tax increases in Norway.

EBITDA came in at positive USD 0.1 million in 3Q23 and negative USD 5.9 million for the first nine months of 2023.

Depreciation and amortization during 3Q23 was USD 0.4 million and USD 1.2 million in the first nine months of 2023, driven by depreciation of right-of-use assets for the period for leases recognized under IFRS 16 (see note 7).

EBIT came in at negative USD 0.3 million in 3Q23 and negative USD 7.0 million in the first nine months of 2023.

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

Profit (loss) before taxes was a loss of USD 0.6 million in 3Q23 and a loss of 6.0 million for the first nine months 2023.

Tax income was USD 0.1 million in 3Q23 and USD 1.2 million for the first nine months of 2023 (see note 8). This resulted in a **net loss** of USD 0.4 million in 3Q23 and a **net loss** of USD 4.7 million for the first nine months of 2023.

Consolidated statement of financial position

Total assets at the end of 3Q23 were USD 61.9 million (end 2Q23: USD 63.0 million), split between non-current assets is USD 17.2 million (end 2Q23: USD 16.7 million), and current assets of USD 44.7 million (end 2Q23: USD 46.4 million). Non-current assets are mainly made up of goodwill, intangible assets, deferred tax assets and right of use assets. Current assets are mainly made up of USD 15.5 million in cash and cash equivalents, inventories and trade receivables. Since 2022, inventories and trade receivables have fallen by USD 3.0 million and USD 2.0 million respectively due to the company's heightened focus on improving its working capital situation.

The book value of **equity** is USD 49.6 million (end 2Q23: USD 49.3 million). This equates to an equity ratio of 80.1% (end 2Q23: 78.2%)

Total liabilities were USD 12.3 million at the end of 3Q 2023 (end 2Q23: USD 13.7 million).

Non-current liabilities is mainly made up of the growth loan from Innovation Norway (see note 10) and lease liabilities recognized under IFRS 16. Other current liabilities consist 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 1.9 million from 2Q23 to USD 15.5 million.

Cash flow from operating activities came in at negative USD 1.3 million in 3Q23 and negative USD 2.0 million in first nine months 2023 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 was negative USD 0.5 million in 3Q23 and negative USD 1.3 million in first nine months of 2023 driven by capitalization development costs.

Cashflow from financing activities was negative USD 0.2 million in 3Q23 and USD 7.7 million in first nine months of 2023 mainly related to the funding received from Innovation Norway and the private placement in 1Q23.

Consolidated statement of profit or loss

Amounts in USD 1,000	Notes	3Q 2023	Unaudited		YTD 2022	Audited 2022
			3Q 2022	YTD 2023		
Revenues	4, 5	10,082	10,052	26,290	25,965	35,424
Total revenues		10,082	10,052	26,290	25,965	35,424
Cost of goods sold	7	3,824	3,996	10,541	10,602	14,465
Employee benefit expenses	6	2,745	2,885	11,178	12,316	16,654
Other operating expenses	6	3,440	3,385	10,439	12,077	16,090
Operating profit or loss before depreciation & amortization (EBITDA)		73	-214	-5,868	-9,030	-11,785
Depreciation, amortization and impairment	7	390	284	1,153	2,562	2,877
Operating profit or loss (EBIT)		-318	-498	-7,020	-11,592	-14,662
Net financial items		-237	936	1,036	2,177	965
Profit (loss) before tax		-555	438	-5,984	-9,415	-13,697
Income tax expense	8	-111	172	-1,247	-2,099	-3,131
Profit (loss) for the period		-444	266	-4,737	-7,316	-10,566

Profit (loss) for the year attributable to:

Equity holders of the parent company	-444	266	-4,737	-7,316	-10,566
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Earnings per share:

Basic earnings per share	12	-0.00	0.00	-0.02	-0.04	-0.06
Diluted earnings per share	12	-0.00	0.00	-0.02	-0.04	-0.06

Consolidated statement of comprehensive income

Amounts in USD 1,000	Notes	Unaudited				Audited
		3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Profit (loss) for the period		-444	266	-4,737	-7,316	-10,566
Other comprehensive income:						
<i>Items that subsequently will not be reclassified to profit or loss:</i>						
Exchange differences on translation of parent company		695	-4,738	-3,950	-12,036	-7,025
Total items that will not be reclassified to profit or loss		695	-4,738	-3,950	-12,036	-7,025
<i>Items that subsequently may be reclassified to profit or loss:</i>						
Exchange differences on translation of foreign operations		-3	2	-1	2	
Total items that may be reclassified to profit or loss		-3	2	-1	2	
Other comprehensive profit (loss) for the period		692	-4,736	-3,951	-12,034	-7,025
Total comprehensive profit (loss) for the period		248	-4,470	-8,689	-19,350	-17,590
Total comprehensive profit (loss)						
Equity holders of the parent company		248	-4,470	-8,689	-19,350	-17,590

Consolidated statement of financial position

Amounts in USD 1,000	Notes	Unaudited		Audited
		30.09.2023	30.09.2022	31.12.2022
ASSETS				
Non-current assets				
Goodwill	7	2,665	2,607	2,872
Intangible assets	7	3,290	1,765	2,459
Deferred tax assets	8	7,893	5,479	7,108
Property, plant and equipment		686	843	830
Right-of-use assets		2,600	3,040	3,140
Other non-current assets	13	115	223	132
Total non-current assets		17,249	13,957	16,541
Current assets				
Inventories		15,678	15,518	18,713
Trade receivables		9,095	10,581	11,099
Other receivables		4,433	2,314	4,115
Cash and cash equivalents	9	15,473	17,014	13,274
Total current assets		44,678	45,426	47,202
TOTAL ASSETS		61,927	59,383	63,743

Amounts in USD 1,000	Notes	Unaudited		Audited
		30.09.2023	30.09.2022	31.12.2022
EQUITY AND LIABILITIES				
Equity				
Share capital	11	215	191	192
Share premium		86,362	78,856	78,979
Other capital reserves		2,310	2,002	2,068
Other equity		-39,284	-32,071	-30,311
Total equity		49,603	48,979	50,928
Non-current liabilities				
Non-current interest-bearing liabilities	10	1,318		
Non-current lease liabilities		2,009	2,489	2,554
Non-current provisions	13	108	218	125
Total non-current liabilities		3,436	2,707	2,679
Current liabilities				
Current lease liabilities		848	782	850
Trade and other payables		5,242	4,780	6,177
Contract liabilities		1,292	934	1,111
Income tax payable		30	8	60
Current provisions	10	1,476	1,195	1,963
Total current liabilities		8,888	7,697	10,137
Total liabilities		12,324	10,404	12,816
TOTAL EQUITY AND LIABILITIES		61,927	59,383	63,743

Oslo, 25 October 2023



Geir Føre
Chairman of the Board



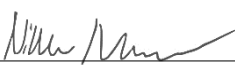
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Emma Tryti
Board member



Niklas Norin
Board member



Chloe Waller
Board member



Karin Berg
Board member



Øyvind Birkenes
CEO

Consolidated statement of cash flows

Amounts in USD 1,000	Notes	Unaudited				Audited
		3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Cash flows from operating activities						
Profit (loss) before tax		-555	438	-5,984	-9,415	-13,697
Adjustments to reconcile profit before tax to net cash flows:						
Net financial items		237	-936	-1,036	-2,177	-965
Depreciation, amortization and impairment	7	390	284	1,153	2,562	-2,877
Share-based payment expense	13	28	80	242	298	364
Working capital adjustments:						
Changes in inventories		490	895	3,036	-4,089	-7,284
Changes in trade and other receivables		-712	-731	1,687	844	-1,476
Changes in trade and other payables and contract liabilities		-328	-1,538	-798	-2,208	-633
Changes in provisions		-821	-993	-396	-2,005	-1,354
Net cash flows from operating activities		-1,270	-2,501	-2,007	-13,690	-22,169
Cash flows from investing activities						
Development expenditures	7	-541	-549	-1,367	-1,530	-2,145
Purchase of property, plant and equipment		-66		-92	-225	-341
Interest received		93	14	194	17	258
Net cash flow from investing activities		-514	-535	-1,265	-1,738	-2,228
Cash flow from financing activities						
Proceeds from issuance of equity	11		19	7,122	189	312
Proceeds of interest-bearing liabilities	10			1,300		
Payments for the principal portion of the lease liability		-181	-169	-545	-529	-698
Payments for the interest portion of the lease liability		-39	-46	-124	-157	-201
Interest paid		-28		-28		
Net cash flows from financing activities		-247	-197	7,724	-498	-586
Net increase/(decrease) in cash and cash equivalents		-2,032	-3,233	4,452	-18,426	-24,983
Cash and cash equivalents beginning of the period		17,380	23,170	13,274	42,174	42,174
Net foreign exchange difference		124	-2,923	-2,253	-6,735	-3,917
Cash and cash equivalents at end of the period		15,473	17,014	15,473	17,014	13,274

Consolidated statement of changes in equity

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity		Total equity
				Cumulative translation differences	Retained earnings	
Equity 31 December 2021	190	78,669	1,704	1,962	-14,683	67,842
Profit (loss) for the period					-7,316	-7,316
Other comprehensive profit (loss)				-12,034		-12,034
Total comprehensive profit (loss)				-12,034	-7,316	-19,350
Capital increase (note 11)	1	187				188
Share-based payments (note 13)			298			298
Equity 30 September 2022	191	78,856	2,002	-10,072	-21,999	48,979

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity		Total equity
				Cumulative translation differences	Retained earnings	
Equity 31 December 2022	192	78,979	2,068	-5,062	-25,248	50,928
Profit (loss) for the period					-4,737	-4,737
Other comprehensive profit (loss)				-3,951		-3,951
Total comprehensive profit (loss)				-3,951	-4,737	-8,689
Capital increase (note 11)	23	7,383				7,406
Transaction cost share issues					-285	-285
Share-based payments (note 13)			242			242
Equity 30 September 2023	215	86,362	2,310	-9,014	-30,270	49,603

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 30 September 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 25 October 2023.

Reference is made to note 4.1 in the Group's consolidated financial statements for the year ended 31 December 2022 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' 2022 consolidated financial statements as of 31 December 2022. 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 2022. 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 2022 and into 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 is also subdued in the B2B segment, Airthings for Business. The Board continues to monitor the situation carefully to ensure appropriate measures are taken as the situation continues to unfold through 2023 and 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 2022.

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.

The Group previously reported direct marketing activities, such as performance marketing and channel marketing, as "Group functions" in 2022. These costs have been attributed to each segment from 2023 create a more correct picture of the individual segment performance and explain the increase seen in Consumer's "Other operating expenses".

3Q 2023 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	6,399	3,117	566		10,082
Total revenue	6,399	3,117	566		10,082
Cost of goods sold	2,616	1,086	122		3,824
Employee benefit expenses	260	812	55	1,618	2,745
Other operating expenses	1,722	212	210	1,296	3,440
EBITDA	1,801	1,007	179	-2,914	73

3Q 2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	6,373	3,232	447		10,052
Total revenue	6,373	3,232	447		10,052
Cost of goods sold	2,607	1,295	94		3,996
Employee benefit expenses	615	795	61	1,414	2,885
Other operating expenses	823	240	63	2,259	3,385
EBITDA	2,328	901	229	-3,673	-214

YTD 2023 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	17,770	6,807	1,713		26,290
Total revenue	17,770	6,807	1,713		26,290
Cost of goods sold	7,986	2,280	275		10,541
Employee benefit expenses	1,315	2,938	214	6,711	11,178
Other operating expenses	4,531	567	417	4,924	10,439
EBITDA	3,938	1,022	807	-11,635	-5,868

YTD 2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	16,882	7,466	1,617		25,965
Total revenue	16,882	7,466	1,617		25,965
Cost of goods sold	7,215	3,114	273		10,602
Employee benefit expenses	1,606	2,943	231	7,537	12,316
Other operating expenses	2,387	839	507	8,344	12,077
EBITDA	5,674	570	607	-15,881	-9,030

2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Consolidated IFRS
REVENUES & PROFIT					
External customers	23,037	10,313	2,075		35,424
Total revenue	23,037	10,313	2,075		35,424
Cost of goods sold	9,871	4,254	340		14,465
Employee benefit expenses	2,046	3,934	323	10,351	16,654
Other operating expenses	3,830	1,091	687	10,482	16,090
EBITDA	7,291	1,033	724	-20,833	-11,785

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)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Revenue from contracts with customers	9,976	9,933	25,975	25,601	34,953
Rental income	106	119	316	364	471
Total revenues	10,082	10,052	26,290	25,965	35,424

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

Geographical information (USD 1,000)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
EMEA	1,575	1,842	4,935	7,629	10,102
North America (USA and Canada)	8,400	8,090	21,039	17,972	24,851
Total revenue from contracts with customers	9,976	9,933	25,975	25,601	34,953

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

Timing of revenue recognition (USD 1,000)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Goods transferred at a point in time	9,216	9,372	23,556	23,868	32,527
Subscription and services transferred over time	760	561	2,418	1,734	2,427
Total revenue from contracts with customers	9,976	9,933	25,975	25,601	34,953

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)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Sales and marketing	3,884	4,376	13,192	14,607	19,621
Research and development	1,369	1,087	4,977	5,294	7,201
General and administrative	932	807	3,448	4,492	5,922
Total operating expenses	6,185	6,270	21,617	24,393	32,744
Number of employees	125	138	125	138	137

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)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Depreciation of property, plant and equipment	74	65	231	203	269
Depreciation of right-of-use assets	183	193	558	590	769
Amortization and impairment of intangible assets (see details in the table below)	133	26	364	1,770	1,838
Total depreciation, amortization and impairment expenses	390	284	1,153	2,562	2,877

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 2021		1,129	1,864	3,210	6,203
Additions*	1,346	184			1,530
Currency translation effects	-212	-249	-351	-603	-1,416
Acquisition cost as of 30 September 2022	1,134	1,064	1,512	2,607	6,317
Acquisition cost as of 31 December 2022	1,148	1,171	2,383	2,872	7,574
Additions*	1,274	93			1,367
Transfer of finished development projects	-269		269		
Currency translation effects	-79	-84	-176	-207	-546
Acquisition cost as of 30 September 2023	2,074	1,180	2,476	2,665	8,395
Accumulated amortization as of 31 December 2021		282	217		498
Amortization charge for the period		230	19		249
Impairment charge for the period			1,522		1,522
Currency translation effects		-80	-245		-325
Accumulated amortization as of 30 September 2022		432	1,512		1,944
Accumulated amortization as of 31 December 2022		554	1,690		2,244
Amortization charge for the period		241	123		364
Currency translation effects		-44	-124		-168
Accumulated amortization as of 30 September 2023		750	1,690		2,440
Net book value:					
As of 30 September 2022	1,134	632	0	2,607	4,372
As of 31 December 2022	1,148	617	693	2,872	5,330
As of 30 September 2023	2,074	429	786	2,665	5,955

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 2022 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 2022.

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.

No changes to AfB's long-term prospects are expected due to the recent macro development, hence no impairment of the goodwill is made. Management does not see any other reasonable changes in the key assumptions that would cause the value in use to be lower than its carrying value.

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 2022 for more information.

Note 9: Revolving credit facility

In 1Q 2023 Airthings secured a USD 8 million revolving credit facility (RCF) with Danske Bank. As of 30 September 2023, USD 0 million of the facility was utilized. The RCF need to be renewed after 12 months. 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 24 June 2023 and 23 January 2024

Covenants will be measured and monitored quarterly. Airthings was compliant with all covenants as of 30 September 2023

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 30 September 2023

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 2021	171,816,437	0.01	190
Share capital increase - February 2022	550,400	0.01	1
Share capital increase - May 2022	482,200	0.01	1
Share capital increase - July 2022	160,109	0.01	0
At 30 September 2022	170,009,146	0.01	191
Share capital increase - November 2022	983,200	0.01	1
At 31 December 2022	173,992,346	0.01	192
Share capital increase - February 2023	23,437,500*	0.01	23
At 30 September 2023	197,429,846	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 30 September, 2023 (NOK)	3,00
Market capitalization 30 September, 2023 (NOKm)	592

The Group's shareholders:

Shareholders in Airthings ASA at 30 September 2023	Total shares	Ownership/Voting rights
Firda AS	56,713,289	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	3,123,228	2%
Danske Invest Norge Vekst	2,962,962	2%
Skilling Systemer AS	2,900,000	1%
Møsbu AS	2,814,236	1%
Longfellow Invest AS	2,753,534	1%
Bjørn Magne Sundal	2,493,000	1%
Nore-Invest AS	2,450,659	1%
Grotmol Solutions AS	2,434,403	1%
Storlien Invest AS	2,432,000	1%
Other	69,441,147	35%
Total	197,429,846	100%

The Group's shareholders:

Shareholders in Airthings ASA at 31 December 2022	Total shares	Ownership/Voting rights
Firda AS	34,780,124	20%
Verdipapirfondet KLP AksjeNorge	7,962,222	5%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,894,522	3%
Erlend Peter Johnsen Bolle	4,819,722	3%
Victoria India Fund AS	4,558,131	3%
Koki Yoshioka	4,166,650	2%
TIN World Tech	3,025,292	2%
Brownske Bevegelser AS	3,000,000	2%
Danske Invest Norge Vekst	2,962,962	2%
Bjørn Magne Sundal	2,900,000	2%
Skilling Systemer AS	2,900,000	2%
Møsbu AS	2,814,236	2%
Longfellow Invest AS	2,753,534	2%
Nore-Invest AS	2,450,659	1%
Grotmol Solutions AS	2,434,403	1%
Storlien Invest AS	2,432,000	1%
Verdipapirfondet Storebrand Norge	1,894,800	1%
Centra Invest AS	1,851,851	1%
Other	69,953,406	40%
Total	173,992,346	100%

Note 12: Earnings per share

(Profit or loss in USD)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Profit or loss attributable to ordinary equity holders - for basic EPS	-443,713	266,009	-4,737,125	-7,315,910	-10,565,598
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-443,713	266,009	-4,737,125	-7,315,910	-10,565,598
Weighted average number of ordinary shares - for basic EPS	197,429,846	172,975,717	193,724,653	172,569,897	172,826,775
Weighted average number of ordinary shares adjusted for the effect of dilution	199,616,676	176,778,761	195,929,825	177,511,123	177,577,976
Basic EPS - profit or loss attributable	-0.00	0.00	-0.02	-0.04	-0.06
Diluted EPS - profit or loss attributable*	-0.00	0.00	-0.02	-0.04	-0.06

*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 30 September 2023, the Group had 10,566,485 outstanding options with a weighted average strike price of NOK 2.41. Reference is made to note 6.6 of Airthings' 2022 consolidated financial statements for a description of the Group' share option plans.

During 2Q 2023, 2,377,836 share options were granted to employees under the Group's share option plan from 2021. The fair value of the options granted during the three months ended 30 September 2023 was estimated on the date of grant using the following assumptions:

Weighted average fair values at the measurement date (NOK)	0.69
Dividend yield (%)	0.00%
Expected volatility (%)	44.02%
Risk-free interest rate (%)	3.97%
Expected life of share options (years)	2.50
Weighted average share price (NOK)	2.31
Weighted average exercise price (NOK)	2.31
Model used	BSM

YTD 2023, the Group has recognized USD 242 thousands of share-based payment expense in the statement of profit or loss (YTD 2022: USD 298 thousands).

As of 30 September 2023, the Group has recognized a social security provision for share-based payment of USD 108 thousands (30 September 2022: USD 218 thousands).

Note 14: Other factors and significant events

Reference is made to note 6.3 of Airthings' 2022 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 working capital, and overdue trade receivables. The Group's cash position has weakened since 2021. To improve the cash situation the group has intensified its focus on optimizing business operations and reducing inventories. This effort includes promotional activities to increase sales and along with cost-saving initiatives.

To further improve the its liquidity position, the Group entered into a USD 8 million revolving credit facility with Danske Bank in 1Q 2023, see note 9. The Group also raised NOK 75 million in gross proceeds through a private placement of 23,437,500 shares in the prior quarter. In addition, the Group secured funding from Innovation Norway in the form of a grant NOK 17 million and a loan of NOK 24 million. NOK 5.1 million of the grant and NOK 14 million of the loan were paid out to the Group in 2Q 2023. The liquidity risk is hence considered to be at a reasonable level.

War in Ukraine - the ongoing war does not currently impact the Group directly, as it has no operating presence in either Russia, Belarus or Ukraine. Indirect effects however, such as financial market volatility, and general economic market conditions, might have an impact on the Group's financial results and financial position. The Group's management continues to monitor the situation and has an ongoing assessment of potential impact on the Group's financial results and financial position.

War in Israel/Gaza - the ongoing conflict in Israel/Gaza is not currently impacting the Group, despite the Group having limited production in Israel. The Group's contract manufacturer for this product is located near Tel Aviv and therefore not in direct proximity to the ongoing armed conflict. The Group's exposure is very limited, but management continues to monitor the situation and has an ongoing assessment of potential impact on the Group's financial results and financial position.

Climate risk - the impact of climate risks has been taken into account in the preparation of the Group's interim consolidated financial statements for the period ended 30 September 2023. However, the risks identified are not considered to have a significant impact on the Group considering the nature of the its operations. Potential impacts of climate change are continuously considered in assessing whether assets may be impaired. As of 30 September 2023 there is no impact on the Group's assets or liabilities.

Note 15: Events after the reporting period

Adjusting events

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

Non-adjusting events

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

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 2023 and YTD 2022 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)	3Q 2023	3Q 2022	2022
MRR	338	286	300
ARR	4,060	3,429	3,602

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)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Revenue	10,082	10,052	26,290	25,965	35,424
EBITDA	73	-214	-5,868	-9,030	-11,785
EBITDA margin	1%	-2%	-22%	-35%	-33%

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)	3Q 2023	3Q 2022	YTD 2023	YTD 2022	2022
Revenue	10,082	10,052	26,290	25,965	35,424
Cost of goods sold	3,824	3,996	10,541	10,602	14,465
Gross profit	6,258	6,056	15,750	15,363	20,959
Gross profit margin	62%	60%	60%	59%	59%

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.