



**AIRTHINGS**

**Report  
4Q20**



# Key highlights

- 1

4Q sales revenue of  
**NOK84.0m**  
all-time high. 4Q revenue up 40% YoY
  - 2

4Q total gross profit of  
**NOK57.2m**  
and gross profit margin of 68%. Gross profit up 28% YoY
  - 3

FY2020 total revenue of  
**NOK216.9m**  
at the top of guided range. 2020 revenue up 50% YoY
- 
- 4

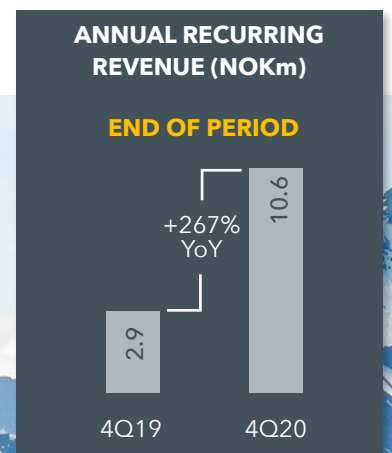
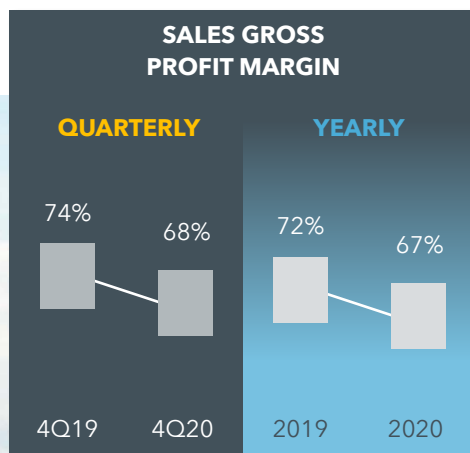
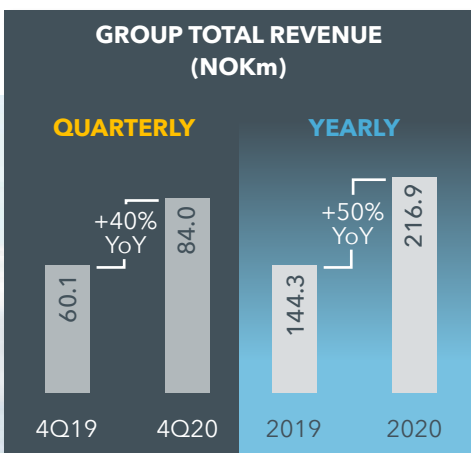
Total ARR reached  
**NOK10.6m**  
by end of 4Q, up 267% YoY, however slightly below guided range
  - 5

Successful private placement and IPO - raising  
**NOK500m**  
in growth capital
- 
- 6

**New virtual sensor and product feature launched**  
- Virus Risk Indicator and CO<sub>2</sub> alert launched to all new and existing business customers
  - 7

**All-time high new unique web users reaching 1.2m**  
in 2020 up 150% YoY. Brand awareness efforts yielding successful results
  - 8

**Agreement with Schneider Electric signed** - yielding immediate results in UK and Sweden for AfB





# Operational highlights

Airthings ASA had a strong fourth quarter with all-time high total revenue of NOK84.0m, up 40% YoY. The growth was mainly driven by solid sales execution linked to shopping holidays for the Consumer segment which grew 38% YoY in 4Q reaching NOK74.0m. Sales were further boosted by significant growth in the Airthings for Business (AfB) segment (up 314% YoY, reaching NOK5.3m), where we saw the number of users grow 36% QoQ reaching 1,500 at the end of the quarter. Total annual recurring revenue (ARR) ended at NOK10.6m, slightly below guided range as some expected contracts were pushed out to 1Q21.

Group total gross profit for the quarter was NOK57.2m, reflecting a margin of 68%. The 6%-point margin contraction YoY was according to plan with higher share of AfB product sales.

The strong finish to the year has continued into 2021 and we update our outlook forecasting FY21 total revenue range of NOK315-345m, midpoint up NOK10m and 2021 year-end ARR range of NOK32-40m, midpoint up NOK6m. Furthermore, we expect 1Q21 total revenue range of NOK57-65m and ARR range of NOK14-17m.



Breathe better. Live better.

## 4Q in brief

Airthings 4Q total revenue grew 40% YoY reaching an all-time high of NOK84.0m. Growth drivers include solid sales execution during shopping holidays in the Consumer segment, where smart products\* saw more than 100% growth YoY. AfB grew 314% YoY, where sales towards system integrators and facility management customers in the Nordics, UK, and Benelux were especially positive.

4Q total gross profit was NOK57.2m reflecting a margin of 68%. The YoY margin contraction was mainly driven by a higher share of sales from the AfB with lower product margins. Sales gross margin in the AfB segment increased by 18%-points YoY as ARR makes up a larger share of total AfB revenue.

ARR continues to grow by triple digits reaching NOK10.6m at the end of the quarter, slightly below our guided range of NOK11-13m. The reason for the lower than expected ARR is that some expected contracts were pushed into 1Q21.

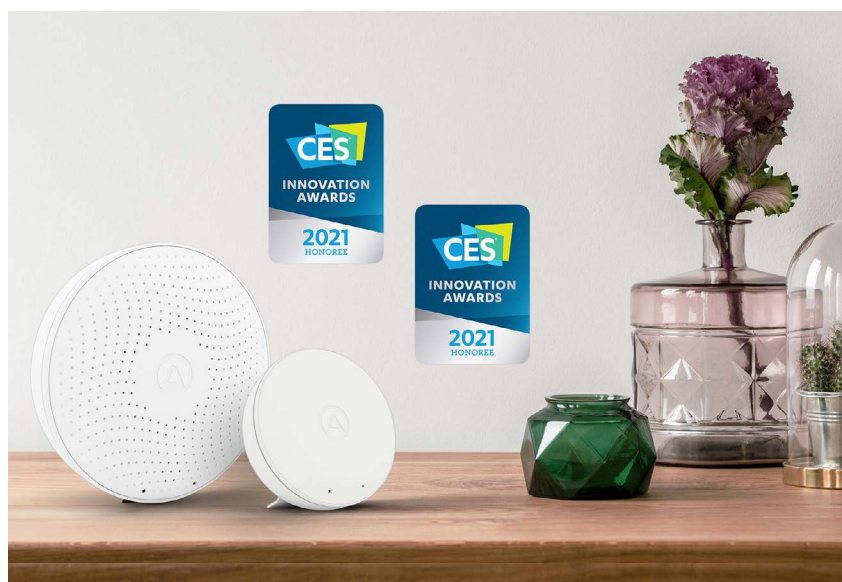
### Private placement and IPO

On October 30, 2020 Airthings had its first trading day on Merkur Market (now Euronext Growth). In conjunction with the stock exchange listing, Airthings completed a successful

private placement with a total transaction size of NOK864m split NOK500m and NOK364m in a primary and secondary component, respectively. The private placement attracted strong interest from Norwegian, Nordic, and international high-quality institutional investors. The net proceeds from the primary offering will be used to invest in global initiatives, building scale and strengthening Airthings' solutions going forward.

### All time high new unique web users

We continue to focus on brand awareness, driving more traffic to our webpages. New unique web users grew by more than 140% YoY in 2020 reaching 1.2m. The growth was solid throughout the year however with QoQ spike of 48% in 4Q was primarily driven by targeted campaigns towards shopping holidays such as Black Friday, Cyber Monday and Christmas, as well as a successful launch of a partnership with the Champions Chess Tour (Play Magnus Group). Airthings was the name sponsor of the The Airthings Masters (Dec 26 - Jan 3). As the official Air Quality Partner of the Champions Chess Tour, Airthings will monitor and stream the air quality levels in the players' homes to raise awareness about the importance of good indoor air and how it impacts our cognitive abilities, decision making, and health.



\*Connected products such as the Wave series.

## Successful launch of new Virus Risk and CO<sub>2</sub> Alert features

On November 18, 2020 Airthings launched the **Virus Risk Indicator** to Airthings for Business customers. The indicator is the second virtual sensor the company has launched. It uses data from Airthings core sensors that track CO<sub>2</sub>, humidity and temperature, coupled with Airthings cloud analytics, calculating the risk of airborne virus spread in an indoor space. The Virus Risk Indicator evaluates four factors that have direct relationships with indoor airborne virus spread and then assigns a ranked risk level ranging from one to 10. The Virus Risk Indicator was presented at the Consumer Electronics Show (CES) held virtually January 2021, due to Covid-19. The Virus Risk Indicator was awarded the CES Honoree award.

On December 9, 2020, Airthings launched a new feature for AfB: **CO<sub>2</sub> alert**. The feature was made available for all Airthings for Business customers on the flagship product, the Wave Plus for Business. The new capability will help schools and offices to keep their indoor air quality in check by warning them, through visual feedback, when Carbon Dioxide (CO<sub>2</sub>) exceeds the recommended levels. High CO<sub>2</sub> levels can increase the risk of airborne viruses spreading between people and impact cognitive abilities. Users will be able to set up CO<sub>2</sub> thresholds

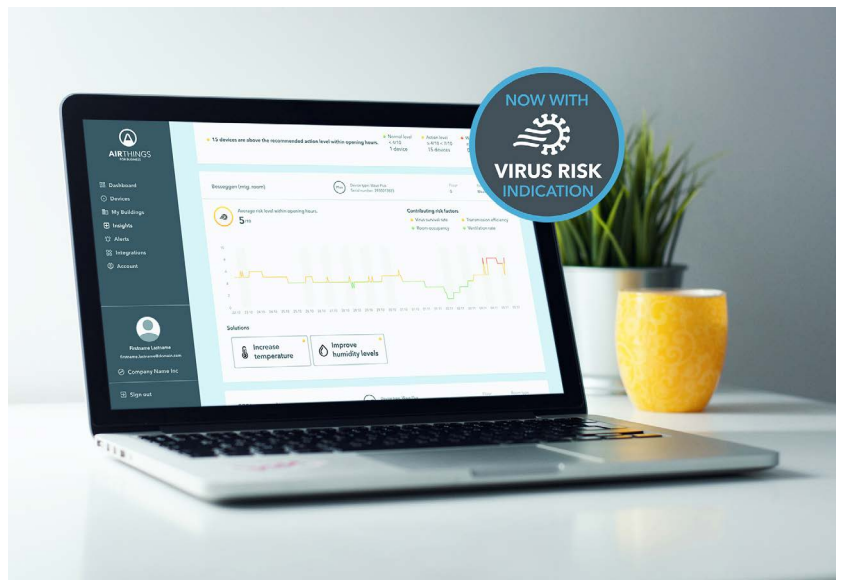
according to their local regulations. When CO<sub>2</sub> exceeds the recommended levels, the light ring will start to blink red, indicating that it is time to bring more fresh air into the room.

## Agreement with Schneider Electric signed

On November 6, Airthings and Schneider Electric signed an agreement to distribute and commercialize the Airthings for Business solution. The agreement is to include and sell the solution in the regions where Airthings operates and the contract has already started yielding results.

## 2020 highlighted

The record breaking 4Q revenue marked the end of a solid year for Airthings. Full-year 2020 total revenue came in at NOK216.9m which is at the top end of our guided range. Furthermore full-year total gross profits came in at NOK146.1m, reflecting a total gross margin of 67% according to plan.





# Financials



# Financial overview

Financial highlights (NOK 1 000)	4Q20	4Q19	YTD 2020	YTD 2019
Total revenue	83 997	60 065	216 872	144 281
Gross profit	57 234	44 602	146 092	105 079
EBITDA	-16 604	3 374	-47 731	-11 705
Adjusted EBITDA (Note4)	-7 932	3 374	-39 059	-11 705
Operating profit/EBIT	-17 183	3 482	-50 052	-12 398
Net cash-flow from operating activities	-31 886	5 941	-61 652	-29 742
Cash and cash equivalents at end of period	537 075	49 077	537 075	49 077
Gross margin	68%	74%	67%	73%
EBIT margin	-20%	6%	-23%	-9%

## Total revenue

Group total revenue reached NOK84.0m in 4Q, representing a growth of 40% YoY. The main growth drivers were continued solid sales execution during shopping holidays for Consumer segment, boosted by significant traction for the AfB segment especially in the Nordics, UK, and Benelux where facility management companies and system integrators saw a good uptick in reorders post testing phase. In 4Q, the Pro segment saw a slower growth than usual as Covid-19 resulted in some supply and shipping challenges.

## Gross profit

Airthings total gross profit in 4Q was NOK57.2m, implying a margin of 68%. The YoY margin contraction was driven by increased share of AfB product sales, yielding lower margins. This is, however, according to plan as high-margin ARR does not yet have material effect on group margins.

## EBIT

4Q group EBIT came in at -NOK17.2m. Main highlights include non-recurring costs of NOK8.7m related to the private placement and subsequent listing on Euronext Growth, non-cash expense of share-base compensation related to option program, in addition to performance marketing costs and campaign costs related to shopping holiday in the Consumer segment. Furthermore, personnel expenses increased as a result of planned expansion as average number of employees reached 106 for the quarter, up 36 YoY.

At end of 4Q20, Airthings  
group's equity amounted to  
**NOK663.6m**





### Cash flow

Net cash flow from operating activities was -NOK31.9m in 4Q. Main drivers are working capital increase in conjunction with shopping holiday, coupled negative operating profits and costs related to private placement and IPO. Cash flow from investing was -NOK1.1m driven by purchase of production equipment. Cash flow from financing was NOK475m driven mainly by net proceeds from the primary component of the private placement in conjunction with the IPO.

### Financial position

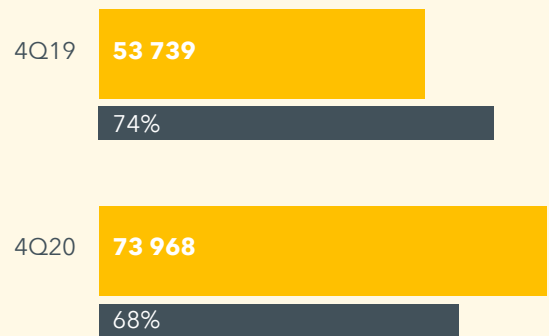
At end of 4Q20, Airthings group equity amounted to NOK663.6m vs. NOK97.5m in the same period last year. The equity ratio was 90% in 4Q20 vs. 68% in 4Q19. Gross debt was NOK16.2m, comprised of growth loan from DNB and Innovasjon Norge. The loans are set to be repaid in 1Q21 as a result of the NOK500m private placement completed during the quarter.



# Segment overview

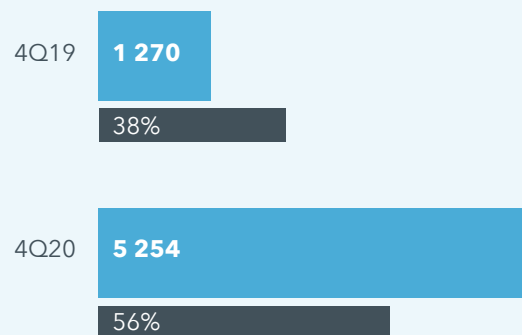
## Consumer

Sales revenue in the quarter was NOK74.0m representing a YoY growth of 38% vs. 4Q19. The growth was driven by solid sales execution across the board, especially towards the shopping holidays. The Wave family products had especially good growth in the quarter with Wave Plus up more than 150% YoY, Wave Mini close to 200%, and Wave family products sold on Amazon Worldwide up more than 250% YoY. Total smart-product registrations were up more than 150% YoY in the quarter. Consumer sales gross profit was NOK50.5m with a margin of 68%. While the margin contracted YoY driven by product mix effect, and price competition in US retail, it expanded QoQ in accordance with plan, communicated in 3Q.



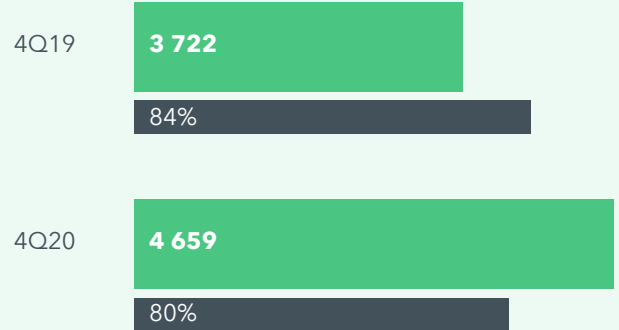
## Airthings for Business

Sales revenue in the quarter was NOK5.3m, representing a 314% growth YoY. The growth was especially driven by strong sales towards system integrators and facility management customers in the Nordic, UK, and Benelux region, further boosted by general demand increase in the US where roll-out of our products on 117 elderly care centers on the East is worth mentioning. AfB sales gross profit was NOK2.9m in the quarter, reflecting a margin of 56%. The margin expanded 18%-points YoY as ARR specific to the AfB segment was up close to 500% YoY. Other key highlights for the quarter include signing of a distribution agreement with Schneider Electric (yielding immediate results in UK and Sweden), the launch of Virus Risk Indicator, and the CO<sub>2</sub> alert.



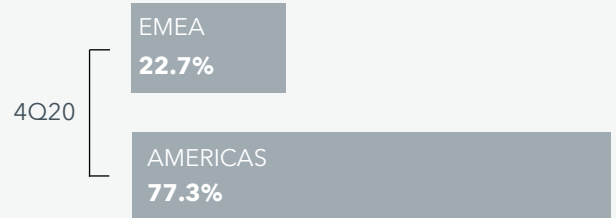
## Pro

Sales revenue in Pro was NOK4.7m, up 25% YoY vs. 4Q19. The slightly lower than expected revenue growth was driven by delays in shipping and production, leading to a backlog during the quarter. The 4Q20 sales gross profit for Pro came in at NOK3.7m, reflecting a margin of 80%. Other highlight for the quarter was the successful launch of Airthings Corentium Pro Calibration Lab. The lab is certified by the National Radon Proficiency Program (NRPP) attesting to the quality of the lab and opening up for increased ARR.



## Regional sales split

4Q sales revenue came in at NOK19.0m and NOK64.9m for the EMEA and Americas region respectively. This implies a split of 22.7% and 77.3% between the respective regions. EMEA share of sales was up 3.2% YoY in 4Q20.



### Outlook and events after the period

- Honoree awards on Virus Risk Indicator and Mold Risk Indicator on the Consumer Electronics show (CES).
- Frost & Sullivan awarded Airthings with the 2020 Global Product Leadership Award
- Contract with one of the worlds largest commercial real-estate companies, resulting in roll-out for an international retail bank supporting nearly 600 end locations



## Revenue guidance

1Q21 total revenue in the range of

**NOK57-65m**

2021 total revenue lifted to

**NOK315-345m**

Midpoint up NOK10m

1Q21 end of period ARR  
in the range of

**NOK14-17m**

2021 year-end ARR in the range of

**NOK32-40m**

Midpoint up NOK5m

## Risks

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

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



Oslo, February 3, 2021

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**Øyvind Birkenes**  
CEO

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**Geir Førre**  
Chair

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**Audhild Andersen Randa**  
Board member

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**Aksel Lund Svindal**  
Board member

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**Lars Boilesen**  
Board member

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**Liv Dyrnes**  
Board member

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**Tore Rismyhr**  
Board member, employee

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**Anlaug Underdal**  
Board member, employee



# Consolidated financial information

	Unaudited	Unaudited	Unaudited	Audited
<b>Consolidated income statement (NOK 1 000)</b>	<b>4Q20</b>	<b>4Q19</b>	<b>2020</b>	<b>2019</b>
Sales (note 3)	83 881	58 568	214 343	139 472
Other revenue	116	1 498	2 529	4 809
<b>Total revenue</b>	<b>83 997</b>	<b>60 065</b>	<b>216 872</b>	<b>144 281</b>
Cost of sales	26 763	15 464	70 780	39 202
<b>Gross profit</b>	<b>57 234</b>	<b>44 602</b>	<b>146 092</b>	<b>105 079</b>
Payroll expenses (note 5)	27 918	17 914	85 509	47 979
Other operating expenses	45 920	23 313	108 315	68 805
<b>EBITDA (note 4)</b>	<b>-16 604</b>	<b>3 374</b>	<b>-47 731</b>	<b>-11 705</b>
Depreciation and amortization	579	- 108	2 321	694
<b>Operating profit / EBIT</b>	<b>-17 183</b>	<b>3 482</b>	<b>-50 052</b>	<b>-12 398</b>
Financial income	2 393	2 134	16 229	4 374
Financial expenses	10 120	2 705	20 956	5 161
Financial income / expenses - net	-7 727	- 571	-4 728	- 787
<b>Profit (loss) before tax</b>	<b>-24 909</b>	<b>2 912</b>	<b>-54 779</b>	<b>-13 185</b>
Income tax	18 435	4 013	18 422	3 992
<b>Net profit (loss)</b>	<b>-6 474</b>	<b>6 924</b>	<b>-36 357</b>	<b>-9 193</b>
<b>Pre-split earnings per share (NOK)*</b>				
Basic earnings per share	-8,17	12,20	-55,10	-16,67
Diluted earnings per share	-8,17	12,19	-55,10	-16,67
<b>Post-split earnings per share (NOK)**</b>				
Basic earnings per share	-0,04	0,06	-0,28	-0,08
Diluted earnings per share	-0,04	0,06	-0,28	-0,08

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

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



# Balance sheet

	Unaudited	Audited
<b>Consolidated balance sheet (NOK 1 000)</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Assets</b>		
Research & development	4 676	
Licenses	5 183	3 672
Deferred tax asset	22 545	4 477
Goodwill	39 029	
Tangible assets	5 112	2 312
Long-term receivables	13 002	337
<b>Total non-current assets</b>	<b>89 547</b>	<b>10 798</b>
Inventory	40 223	29 029
Accounts receivables	59 822	40 737
Other short term receivables	13 358	14 169
Cash and cash equivalents	537 075	49 077
<b>Total current assets</b>	<b>650 478</b>	<b>133 012</b>
<b>Total assets</b>	<b>740 025</b>	<b>143 809</b>
<b>Equity and liabilities</b>		
Total paid-up equity	723 082	97 820
Other equity	-59 448	- 314
<b>Total equity</b>	<b>663 634</b>	<b>97 506</b>
Interest bearing long-term debt		17 889
Other provisions	12 305	
<b>Total non-current liabilities</b>	<b>12 305</b>	<b>17 889</b>
Accounts payable	23 501	12 149
Tax payable	3	39
Public duties payable	7 938	3 416
Interest bearing short-term debt	16 222	
Other short-term debt	16 420	12 810
<b>Total current liabilities</b>	<b>64 083</b>	<b>28 414</b>
<b>Total equity and liabilities</b>	<b>740 025</b>	<b>143 809</b>

# Consolidated changes in equity

	Share capital	Treasury shares	Premium reserve	Other paid-in equity	Other equity	Total equity
<b>Equity as of 01.01.2019 (NOK 1 000)</b>	<b>486</b>	<b>-7</b>	<b>37 020</b>	<b>1 469</b>	<b>10 278</b>	<b>49 247</b>
Sale of treasury shares		4			2 672	2 676
Capital increase	82		54 648			54 730
Share based payments				4 118		4 118
Result for the year					-13 312	-13 312
Translation differences					48	48
<b>Equity as of 31.12.2019 (NOK 1 000)</b>	<b>568</b>	<b>-3</b>	<b>91 668</b>	<b>5 587</b>	<b>-314</b>	<b>97 507</b>

	Share capital	Treasury shares	Premium reserve	Other paid-in equity	Other equity	Total equity
<b>Equity as of 01.01.2020 (NOK 1 000)</b>	<b>568</b>	<b>-3</b>	<b>91 668</b>	<b>5 587</b>	<b>-314</b>	<b>97 507</b>
Sale of treasury shares		3			1 732	1 735
Capital increase	1 138		619 796		-25 097	595 837
Share based payments				4 325		4 325
Result for the year					-36 357	-36 357
Translation differences					589	589
<b>Equity as of 31.12.2020 (NOK 1 000)</b>	<b>1 706</b>	<b>0</b>	<b>711 464</b>	<b>9 912</b>	<b>-59 448</b>	<b>663 635</b>

# Cash flow

	Unaudited	Unaudited	Unaudited	Audited
<b>Consolidated cash flow statement (NOK1 000)</b>	<b>4Q20</b>	<b>4Q19</b>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>				
Profit before tax	-24 909	2 912	-54 779	-17 304
Depreciation and amortization	579	- 108	2 321	694
Non-cash expenses related to shared based payment program	941	1 172	4 325	4 118
Change in inventories, trade receivables and payables	-19 183	-12 861	-15 935	-19 574
Other operations related adjustments	10 687	6 457	2 416	-2 182
<b>Net cash-flow from operating activities</b>	<b>-31 886</b>	<b>-2 428</b>	<b>-61 652</b>	<b>-34 248</b>
<b>Investing activities</b>				
Intangible assets	- 393	-3 672	-44 281	-4 153
Equipment held for rental	- 21	- 286	- 152	- 94
Other CAPEX	- 656	- 80	-1 822	- 182
<b>Net cash-flow from investment activities</b>	<b>-1 070</b>	<b>-4 037</b>	<b>-46 255</b>	<b>-4 429</b>
<b>Financing activities</b>				
Change in long term debt	- 833	- 834	-1 667	17 889
Change in equity	475 839	301	597 572	57 406
<b>Net cashflow from financing activities</b>	<b>475 005</b>	<b>- 533</b>	<b>595 905</b>	<b>75 295</b>
<b>Net change in cash and cash equivalents</b>	<b>442 049</b>	<b>-6 999</b>	<b>487 998</b>	<b>36 618</b>
Cash and cash equivalents at start of period	95 026	56 076	49 077	12 459
<b>Cash and cash equivalents at end of period</b>	<b>537 075</b>	<b>49 077</b>	<b>537 075</b>	<b>49 077</b>



### Note 1: General information

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

These interim consolidated financial statements have been approved for issuance by the board of directors on February 3, 2021.

The condensed interim financial statements are unaudited.

### Note 2: Basis for preparation

The interim consolidated financial statements for the fourth quarter ended December 31, 2020 were prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual report for 2019.

The accounting policies adopted in the interim financial statements are consistent with the standards and interpretations followed in the preparation of the group's annual financial statements for the year ended December 31, 2019.

### Note 3: Revenue segment information

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

#### Note 3 - Segment information

Sales revenue (NOK1 000)	4Q20	3Q20	2Q20	1Q20	4Q19
Consumer	73 968	33 851	29 438	43 116	53 739
AfB	5 254	3 965	2 526	1 542	1 270
Pro	4 659	4 458	5 855	5 711	3 722
<b>Total</b>	<b>83 881</b>	<b>42 274</b>	<b>37 820</b>	<b>50 369</b>	<b>58 730</b>

Sales gross profit (NOK 1 000)	4Q20	3Q20	2Q20	1Q20	4Q19
Consumer	50 457	20 257	19 648	30 195	39 614
AfB	2 939	2 393	1 535	772	479
Pro	3 722	3 618	3 698	4 330	3 128
<b>Total</b>	<b>57 118</b>	<b>26 268</b>	<b>24 881</b>	<b>35 297</b>	<b>43 221</b>

#### Note 4: IPO Transactions costs

On October 30, 2020, Airthings ASA became as listed company on Euronext Growth. As a part of the listing, Airthings issued 37 037 037 new shares giving the company new funding of NOK500m. The net cost attributable to the private placement and listing is estimated to be NOK33.8m. The transaction fee related to the listing and secondary transactions (NOK8.7m) is booked against other operating expenses.

#### Note 4 - adjusted EBITDA

Adjusted EBITDA	4Q20	4Q19	2020	2019	2019
EBITDA	-16 604	3 374	-47 731	-11 705	-11 705
IPO costs	8 672		8 672		
<b>Adjusted EBITDA</b>	<b>-7 932</b>	<b>3 374</b>	<b>-39 059</b>	<b>-11 705</b>	<b>-11 705</b>

#### Note 5: Number of employees

Average number of employees in the period was 106, reflecting an increase of 36 YoY.

#### Note 6: Share options

##### Share based incentive program

Airthings offers options to all new employees. As per 31.12.2020 Airthings had 9 715 824 outstanding options with a weighted average strike price of NOK2.08.

#### Note 7: Subsequent events

- Honoree awards on Virus Risk Indicator and Mold Risk Indicator on the Consumer Electronics show (CES).
- Awarded with the 2020 Global Product Leadership Award
- Contract with one of the worlds largest commercial real-estate companies, resulting in roll-out for an international retail bank supporting nearly 600 end locations.

# Alternative Performance Measures (APMs)

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

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

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

Adjusted EBITDA: EBITDA adjusted for IPO-related, non-recurring costs.



**AIRTHINGS**