AIRTHINGS

3Q report 2022

Airthings at a glance

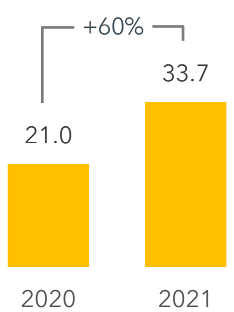
AIRTHINGS

A hardware-enabled software company solving real issues

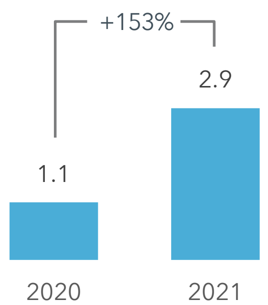
- Global leader in indoor air quality solutions
- Serving consumers, businesses, and professionals
- Empowering the world to breathe better

Exceptional growth

Revenues (USDm)



ARR (USDm)



Supported by lasting factors & megatrends

Health tech

Smart home

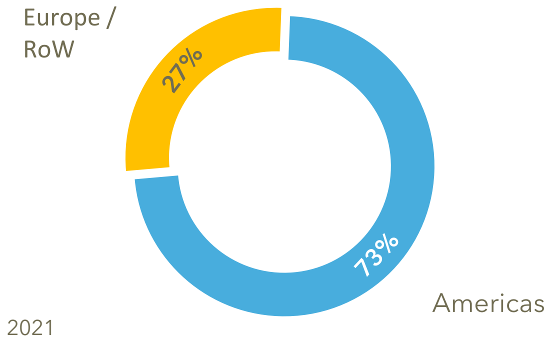
Sustainability

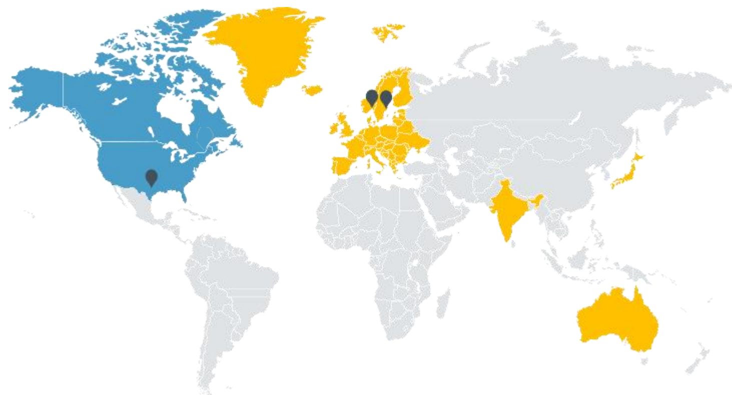
Energy efficiency

Regulations

Delivering elegant products and actionable insights

International and expanding presence





Key highlights

1

Signed new AfB contract worth
USD 4.6 million
for global enterprise customer through U.S partnership (including USD 1.4 million in SaaS revenues over a three-year period)

2

Returned to
Healthier inventory levels at key retailers
although distribution partners remain cautious in terms of replenishment

3

Strong end-customer demand with
26% YoY growth in 3Q
in consumer device registrations

4

Launched the new AfB device
Space CO_2 Mini
at the Expo Real in Munich at the beginning of October

5

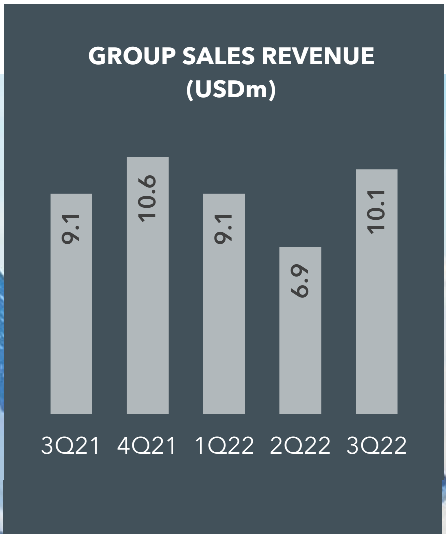
3Q sales revenue of
USD 10.1m
up 10% year-on-year

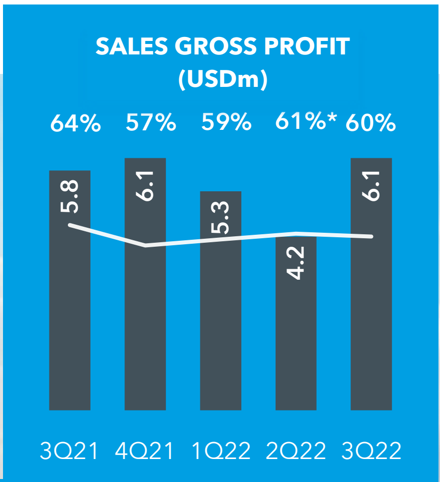
6

3Q sales gross profit of
USD 6.1m
gross profit margin of 60%

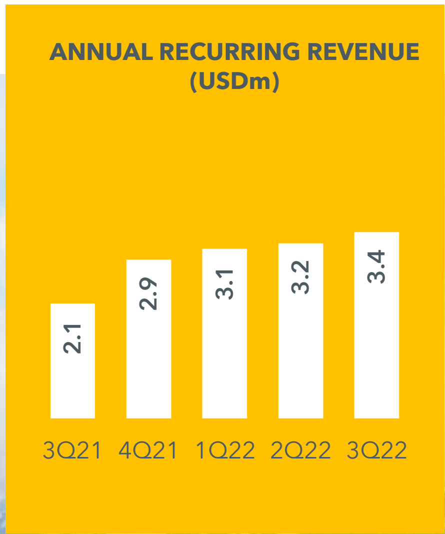
7

Total ARR reached
USD 3.4m
up 66% year-on-year





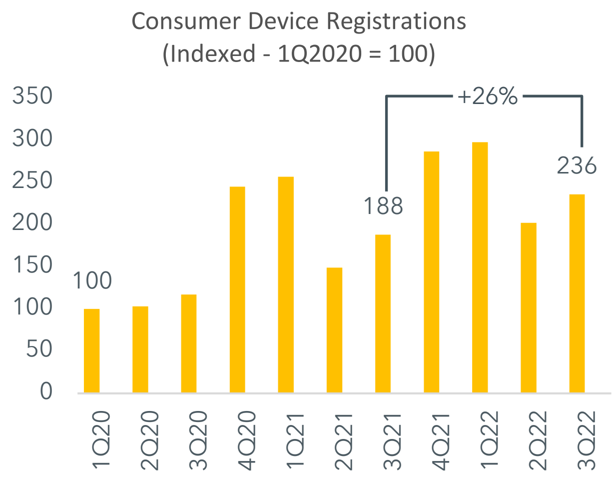
* excl. inventory impairment of Airtight.



Operational review

Revenue and margin development

Airthings recorded sales revenue of USD 10.1 million in 3Q22, representing a year-on-year growth of 10% and quarter-on-quarter growth of 46%. The increase from 3Q21 was primarily driven by strong growth in Airthings for business, while overall growth was somewhat muted due to lower sales in the Consumer and Pro segments. Furthermore, the growth in Airthings´s overall top line demonstrates the enhanced robustness of the company with Airthings for Business representing a growing share of revenues.

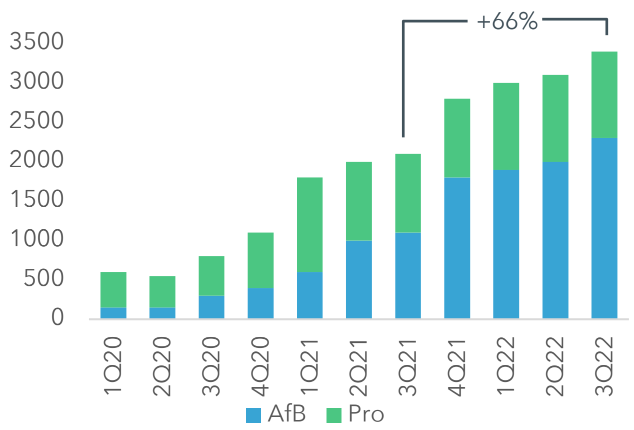


The lower sales in the Consumer segment can largely be attributed to distribution partners remaining cautious about rebuilding inventories following the inventory adjustments made in the second quarter. That said, end-customer demand remains high with Consumer new device registrations increasing 26% year-on-year, and the opportunity pipeline is growing with both existing and new partners.

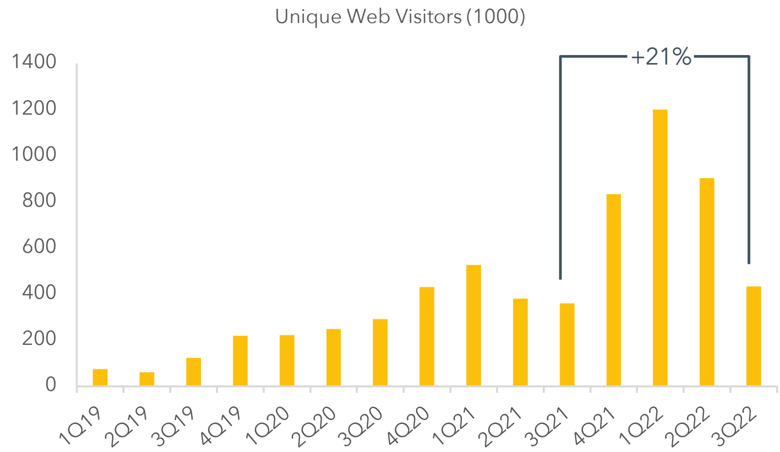
Gross Profit came in at USD 6.1 million, reflecting a gross profit margin (GPM) of 60%. As previously communicated, the gross profit margin must be expected to fluctuate across quarters due to changes in product and channel mix, component prices, and other factors.

Annual recurring revenue (ARR)

Annual Recurring Revenue (ARR) came in at USD 3.4 million in 3Q22, representing solid growth of 66% year-on-year. The increase mainly reflects the strong growth in Airthings for Business, which accounted for USD 2.3 million of ARR at the end of the quarter. Gross margin from ARR revenue was >80% in 3Q22.



Brand awareness



Airthings continued to grow brand awareness in the third quarter evidenced by continued growth in the traffic to www.airthings.com. The site reached 433k unique web visitors in 3Q22, representing year-on-year growth of 21% and year to date growth of 100%. Airthings is driving awareness on the importance of indoor air quality through targeted marketing activities towards consumers and businesses. This PR approach yielded continued coverage in leading global publications such as The Evening Standard, The Metro, Die Welt, Better Homes & Gardens, Mobil, and Tek.no.

Airthings participated in several high exposure events during the quarter. The company was exhibited at the Internationale Funkausstellung (IFA) in Berlin, the largest consumer electronics tradeshow in the EU, as well as the IFMA World Workplace event in Nashville and the Expo Real in Munich. Participation in these events increased brand awareness and served as a lead generator for Airthings for Business. The company continued streaming live air quality data on the Champions Chess Tour broadcast, gaining major coverage throughout the quarter. Airthings has also gained strong traction from Amazon campaigns, generating improved return on advertising spend.

Airthings is continuously improving and expanding the product portfolio and launched the Space CO2 Mini at Expo Real in Munich at the beginning of October. Airthings also launched an extended five-year warranty, highlighting the company's commitment to high quality products and sustainability.

Airthings' brand position and relevance is supported by increasing global awareness on the importance of good indoor air quality. In the quarter, wildfire smoke campaigns on the west coast of the U.S. have driven traction towards the value and importance of Airthings products and solutions. Furthermore, on October 11th the White House Summit on Improving Indoor Air Quality was held, raising the issue of indoor air quality to the national stage in the US.

Airthings has a packed calendar of co-marketing and promotional activities for the remainder of 2022. The upcoming second edition of the Air Summit event, highlighting the balance between health and energy in buildings, will be held in Oslo on November 3rd. Registration to the event can be found at https://content.airthings.com/airsummit.

Outlook and guidance

Airthings delivered revenue of USD 10.1 million in 3Q, within the wider than normal USD 7.0-11.0 million range outlined in 2Q. This was due to uncertainties regarding distributor inventories, the timing of potential sizeable orders, and the generally weaker consumer sentiment observed in the market.

USDm	Revenue and ARR Guidance 4Q22
Revenue	9.0 - 13.0
ARR	3.5 - 4.0

Moving through the quarter Airthings performed towards the high-end of expectations, with strong performance in Airthings for Business and improved traction in the Consumer segment as distribution partners began to rebuild inventories. Provided that end-customer demand and sell-through remains high, inventory levels are expected to continue moving towards normal levels over time. Coming out of 3Q with solid underlying growth and traction throughout channels, the company remains optimistic while being realistic that the macro environment can continue to temper demand.

To realize its profitable growth ambition, Airthings continues to evaluate its cost base and identify areas for cost improvement going forward. The company aims to reduce inventory days and optimize the working capital position over time to secure a lighter relative cost burden that also supports growth.

As heightened market uncertainty remains, the company continues to provide a wider revenue guidance range of USD 9.0 – 13.0 million for 4Q22. ARR is expected at USD 3.5 – 4.0 million at the end of the quarter.

Segment overview

Airthings for Consumer

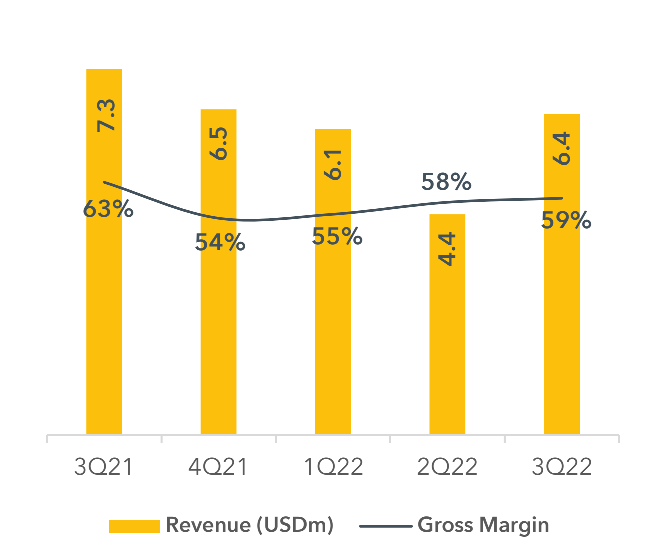
Revenue from Airthings for Consumer came in at USD 6.4 million in 3Q22 down 13% year-on-year from USD 7.3 million in 3Q21. Revenue was however up 46% from 2Q22 driven by channel and retail partners beginning to replenish inventories. The replenishment was supported by strong sell-through to end-customers in 2Q, which continued its positive trajectory in 3Q with 26% year-on-year growth in new device registrations. This was primarily driven by backlog fulfilment for View Plus, which remains strong going forward. The continued growth in end-user demand underpins a positive outlook for inventory replenishment going forward, although distribution partners remain cautious to fully restore inventory levels following the significant reductions seen in 2Q.

Gross profit for the Consumer segment came in at USD 3.8 million in 3Q22, with a gross profit margin of 59%. This compares to 63% in 3Q21 and 58% in 2Q22. The lower year-on-year margins are mainly driven by channel dynamics with a larger portion of revenues coming from retail partners.

The third quarter continued to demonstrate strong developments with Amazon. Inventories are returning to healthy levels and sell-through is steadily increasing. Amazon USA in particular is seeing strong growth in both shipped revenue and unit sell-through. This was underpinned by portfolio adjustments improving conversion rates and average selling price, as well as a successful launch of 'Prime Day' deals in July.

Expansion continues globally and in our key markets. The roll-out with Home Depot to 1,361 stores across the U.S. continues to drive revenue growth. Added momentum was generated by Home Depot's October National Fire Safety Month which focuses on increasing awareness for Fire Safety and prevention, where Airthings are leading as their Radon and Air Quality partner. The event is expected to significantly increase national awareness, drive traffic, and increase sell-through of the Digital Radon Detector and the Wave Mini.

Following a successful online launch with JB Hi-Fi, a leading Australian Consumer Electronics retailer, View Plus and Wave Mini will be rolled out immediately across 50+ locations across Australia. Airthings also signed a new contract with NetOnNet, a leading Scandinavian retailer, rolling out to 19 strategic locations in the quarter. In addition, shelf placements were secured with Elkjøp with distribution to stores at the end of 3Q and the rollout with B&Q has been scheduled for 4Q.



Airthings for Business (AfB)

Revenue from Airthings for Business came in at USD 3.2 million in 3Q22, up 135% year-on-year, doubling its share of total revenue to 32% from 15% in 3Q21. The growth in the quarter was largely attributed to new customers on the back of increased demand for energy saving capabilities and air quality monitoring as employees return to the office.

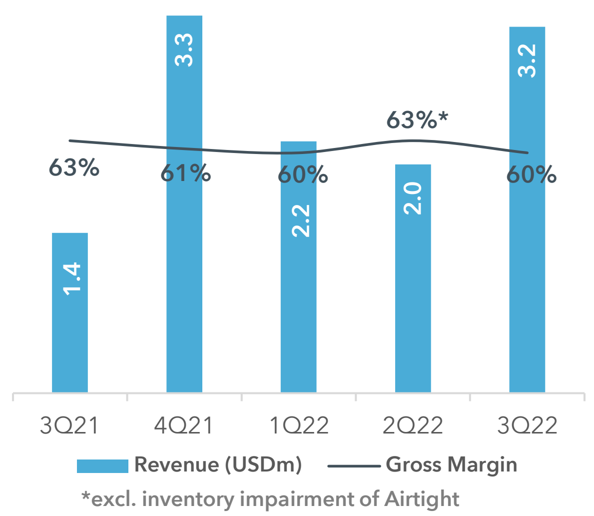
The number of devices in the field increased by 179% year-on-year. Devices in the field represent a key driver for the 109% growth in AfB's ARR of USD 2.3 million by the end of 3Q22.

Gross profit for Airthings for Business came in at USD 1.9 million in 3Q22, with a gross margin of 60%. The gross margin is largely in line with the third quarter last year. The GPM in 2Q22 was an outlier at 53% due to effects of inventory impairments related to the discontinuance of Airtight.

Airthings is continuously expanding and building global capabilities. Considerable efforts have been made to rebuild and improve the U.S. team who are already delivering on sales and achieving great progress with Global HVAC providers. In the third quarter, a new contract was signed for a global enterprise customer through a U.S. partnership, worth USD 3.2 million in hardware sales and USD 1.4 million in recurring service revenue over three years. The contract involves the installation of the Airthings for Business solution into commercial buildings around the world, with delivery in 3Q and 4Q.

Airthings announced the launch the Space CO2 Mini, the latest of indoor air quality monitor to the business segment. The Space CO2 Mini is an innovative, accurate, and scalable CO2 monitor that includes temperature, humidity, lux, noise, air pressure, and presence detection sensors. The monitor helps achieve a balance of health and energy efficiency across all rooms in any commercial building. The launch represents a discreet yet powerful completion to the Airthings for Business portfolio that will enable mass-level scalability of CO2 monitoring at an affordable cost.

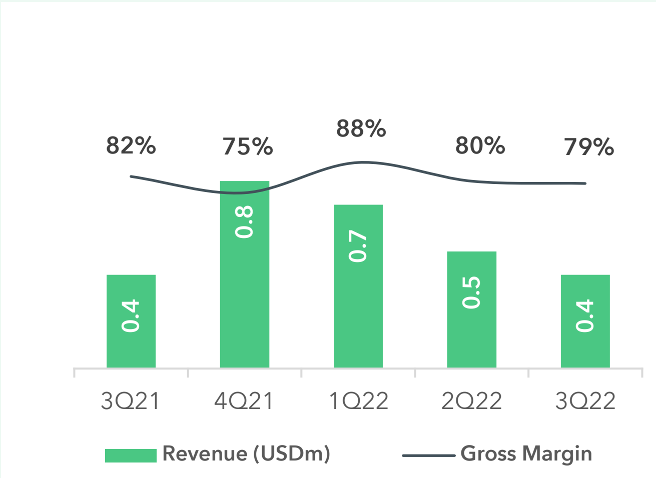
After the end of the quarter, the company announced a partnership with the leading Swedish ventilation company Lindab to combine products from the two companies into new solutions to improve energy-efficiency and air quality in buildings. This partnership demonstrates the flexibility of the Airthings offering to integrate with others' solutions to create substantial value for end-users.



Airthings for Professionals

Sales revenue from the PRO segment reached USD 0.4 million in 3Q22, reflecting a continued challenging US home inspector market. As seen in the prior quarters, buyers have forgone home inspections to compete with other bids in a market with demand outpacing supply. Increasing interest rates may cool the US housing market and reestablish home inspections as a buyer requirement. It is, however, difficult to predict the timing and magnitude of this effect.

Gross profit from the Pro segment was USD 0.4 million in the quarter, with a margin of 79%. This compares with 82% in 3Q21 and 80% in 2Q22.



Oslo, 26 October 2022

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Board Member

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Øyvind Birkenes
CEO

Financials

Financial highlights (IFRS)

Key financials (USD 1,000)	3Q 2022	3Q 2021	Δ	YTD 2022	YTD 2021	Δ	2021
Total revenue	10,052	9,106	10%	25,965	23,144	12%	33,699
Gross profit	6,056	5,822	4%	15,363	14,562	5%	20,630
Gross margin	60%	64%		59%	63%		61%
EBITDA	-214	-395		-9,030	-4,897		-8,035
EBIT	-498	-730		-11,592	-5,855		-9,371
Profit (loss) before tax	438	-613		-9,415	-5,800		-9,315
Annual Recurring Revenue	3,429	2,067	66%	3,429	2,067	66%	2,866

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 6.3 million in 3Q22 and USD 24.4 million for the first nine months of 2022 (YTD22). The increase was primarily driven by personnel costs associated with higher headcounts in 2022 vs 2021, particularly within the sales and marketing organization. In addition, there were notable one-off costs related to transition to main stock exchange and restructuring costs in the second quarter (see note 6).

EBITDA came in at a slightly negative USD 0.2 million in 3Q22 and USD 9.0 million YTD22.

Depreciation, amortization and impairments during 3Q22 was USD 0.3 million and 2.6 million YTD22, driven by a one-off cost related to derecognition of the Airtight technology of USD 1.5 million in the second quarter and depreciation of right-of-use assets for the period for leases recognized under IFRS 16 (see note 7).

EBIT came in at negative USD 0.5 million in 3Q22 and negative USD 11.6 million YTD22.

Net financial items consist primarily of exchange rate fluctuations between USD and NOK and interest expense on the IFRS 16 lease liability.

Profit (loss) before taxes was a profit of USD 0.4 million in 3Q22 and a loss of USD 9.4 million YTD22.

Tax expense was USD 0.2 million in 3Q22 and a **tax income** of USD 2.1 million YTD22 (see note 8). This resulted in a **net profit** of USD 0.3 million in 3Q22 and a **net loss** of USD 7.3 million YTD22.

Consolidated statement of financial position

Total assets at the end of 3Q22 were USD 59.4 million (end 2Q22: USD 66.7 million), split between non-current assets is USD 14.0 million (end 2Q22: USD 15.0 million), and current assets of USD 45.4 million (end 2Q22: USD 51.7 million). Non-current assets are mainly made up of goodwill, deferred tax assets and right of use assets. Current assets are mainly made up of USD 17.0 million in cash and cash equivalents, as well as inventories and trade receivables. Inventory decreased by USD 0.9 million during the quarter (an increase of USD 6.5 million year-on-year) due weaker than forecasted demand in the Consumer segment. The company will have a heightened focus on working capital going forward. The book value of equity is USD 49.0 million (end 2Q22: USD 53.4). This equates to an equity ratio of 82.5% (end 2Q22: 79.9%)

Total liabilities were USD 10.4 million at the end of 3Q22 (end 2Q22: USD 13.4). The decrease in non-current provisions is related to employee option program. Lease liabilities reflects the non-current and current portion of the lease liability recognized for leasing of office space under IFRS 16. Other current liabilities consist of deferred revenue related to subscription service, public duty taxes, personnel related accruals and other accrued expenses during the quarter.

Consolidated statement of cash flows

Total cash and cash equivalents balance decreased by USD 6.2 million from 2Q22 to USD 17.0 million. USD 2.9 million in the decline is attributable to unrealized exchange differences.

Cash flow from operating activities came in at negative USD 2.5 million in 3Q and negative USD 16.2 million in YTD22 mainly driven by a profit before tax in addition to negative working capital due to reduction of trade payables and provisions.

Cashflow from investment activities was negative USD 0.5 million in 3Q22 and negative USD 1.7 million in YTD22 driven mainly by capitalization of internally generated intangible assets.

Cashflow from financing activities was marginal at negative USD 0.2 million in 3Q22 and USD 0.5 million in YTD22 mainly related to payments of lease liabilities.

Consolidated statement of profit or loss

Amounts in USD 1,000	Notes	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
Revenues	4, 5	10,052	9,106	25,965	23,116	33,671
Other operating income		0	0	0	28	28
Total revenue and other operating income		**10,052**	**9,106**	**25,965**	**23,144**	**33,699**
Cost of goods sold	7	3,996	3,284	10,602	8,554	13,041
Employee benefit expenses	6	2,885	3,369	12,316	10,422	15,127
Other operating expenses	6	3,385	2,847	12,077	9,065	13,566
Operating profit or loss before depreciation & amortization (EBITDA)		**-214**	**-395**	**-9,030**	**-4,897**	**-8,035**
Depreciation and amortization	7	284	335	1,041	958	1,335
Impairment	7	0	0	1,522	0	0
Operating profit or loss (EBIT)		**-498**	**-730**	**-11,592**	**-5,855**	**-9,371**
Net financial items		**936**	**117**	**2,177**	**56**	**55**
Profit (loss) before tax		**438**	**-613**	**-9,415**	**-5,800**	**-9,315**
Income tax expense	8	172	-153	-2,099	87	-2,055
Profit (loss) for the period		**266**	**-461**	**-7,316**	**-5,886**	**-7,261**
Profit (loss) for the year attributable to:						
Equity holders of the parent company		266	-461	-7,316	-5,886	-7,261
Earnings per share:						
Basic earnings per share	10	0.00	-0.00	-0.04	-0.03	-0.04
Diluted earnings per share	10	0.00	-0.00	-0.04	-0.03	-0.04

Consolidated statement of comprehensive income

Amounts in USD 1,000	Notes	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
Profit (loss) for the period		**266**	**-461**	**-7,316**	**-5,886**	**-7,261**
Other comprehensive income:						
Items that subsequently will not be reclassified to profit or loss:						
Exchange differences on translation of parent company		-4,738	-1,852	-12,036	-2,045	-2,366
Total items that will not be reclassified to profit or loss		**-4,738**	**-1,852**	**-12,036**	**-2,045**	**-2,366**
Items that subsequently may be reclassified to profit or loss:						
Exchange differences on translation of foreign operations		2	0	2	0	14
Total items that may be reclassified to profit or loss		**2**	**0**	**2**	**0**	**14**
Other comprehensive profit (loss) for the period		**-4,736**	**-1,852**	**-12,034**	**-2,045**	**-2,352**
Total comprehensive profit (loss) for the period		**-4,470**	**-2,312**	**-19,350**	**-7,931**	**-9,612**
Total comprehensive profit (loss) attributable to:						
Equity holders of the parent company		-4,470	-2,312	-19,350	-7,931	-9,612

Consolidated statement of financial position

Amounts in USD 1,000	Notes	30.09.2022	30.09.2021	31.12.2021
ASSETS				
Non-current assets				
Goodwill	7	2,607	3,324	3,210
Intangible assets	7	1,765	2,171	2,495
Deferred tax assets	8	5,479	2,731	4,509
Property, plant and equipment		843	755	809
Right-of-use assets		3,040	4,189	4,241
Other non-current assets	11	223	1,095	1,075
Total non-current assets		**13,957**	**14,165**	**16,339**
Current assets				
Inventories		15,518	9,040	11,429
Trade receivables		10,581	12,131	11,850
Other receivables		2,314	2,661	1,889
Cash and cash equivalents		17,014	44,987	42,174
Total current assets		**45,426**	**68,819**	**67,342**
TOTAL ASSETS		**59,383**	**82,984**	**83,680**

Amounts in USD 1,000	Notes	30.09.2022	30.09.2021	31.12.2021
EQUITY AND LIABILITIES				
Equity				
Share capital	9	191	189	190
Share premium		78,856	78,581	78,669
Other capital reserves		2,002	1,553	1,704
Other equity		-32,071	-11,040	-12,721
Total equity		**48,979**	**69,284**	**67,842**
Non-current liabilities				
Non-current lease liabilities		2,489	3,786	3,803
Deferred tax liabilities		0	307	0
Non-current provisions	11	218	1,030	1,090
Total non-current liabilities		**2,707**	**5,123**	**4,892**
Current liabilities				
Current lease liabilities		782	609	670
Trade and other payables		4,780	5,209	7,027
Contract liabilities		934	894	894
Income tax payable		8	3	27
Current provisions		1,195	1,862	2,328
Total current liabilities		**7,697**	**8,577**	**10,946**
Total liabilities		**10,404**	**13,700**	**15,838**
TOTAL EQUITY AND LIABILITIES		**59,383**	**82,984**	**83,680**

Oslo, 26 October 2022

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Consolidated statement of cash flows

Amounts in USD 1,000	Notes	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
Cash flows from operating activities						
Profit (loss) before tax		**438**	**-613**	**-9,415**	**-5,800**	**-9,315**
Adjustments to reconcile profit before tax to net cash flows:						
Net financial items		-936	-117	-2,177	-56	-55
Depreciation, amortization and impairment	7	284	335	2,562	958	1,335
Share-based payment expense	11	80	178	298	457	608
Working capital adjustments:						
Changes in inventories		895	-2,422	-4,089	-4,346	-6,736
Changes in trade and other receivables		-731	-5,149	844	-5,751	-4,697
Changes in trade and other payables and contract liabilities		-1,538	214	-2,208	1,542	3,360
Changes in provisions		-993	545	-2,005	-905	-380
Other items						
Tax paid		0	1	0	0	1
Net cash flows from operating activities		**-2,501**	**-7,027**	**-16,190**	**-13,901**	**-15,879**
Cash flows from investing activities						
Development expenditures	7	-549	-46	-1,530	-323	-574
Purchase of property, plant and equipment		0	-43	-225	-169	-495
Interest received		14	26	17	26	102
Net cash flow from investing activities		**-535**	**-63**	**-1,738**	**-467**	**-968**
Cash flow from financing activities						
Proceeds from issuance of equity	9	19	33	189	110	198
Repayment of borrowings		0	0	0	-1,901	-1,901
Payments for the principal portion of the lease liability		-169	-175	-529	-456	-636
Payments for the interest portion of the lease liability		-46	-58	-157	-157	-217
Interest paid		0	-6	0	-11	-4
Net cash flows from financing activities		**-197**	**-206**	**-498**	**-2,415**	**-2,560**
Net increase/(decrease) in cash and cash equivalents		**-3,233**	**-7,297**	**-18,426**	**-16,783**	**-19,407**
Cash and cash equivalents beginning of the period		23,170	54,003	42,174	62,943	62,943
Net foreign exchange difference		-2,924	-1,720	-6,735	-1,173	-1,362
Cash and cash equivalents at end of the period		**17,014**	**44,987**	**17,014**	**44,987**	**42,174**

Consolidated statement of changes in equity

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity: Cumulative translation differences	Other equity: Retained earnings	Total equity
Equity 31 December 2020	**188**	**78,472**	**1,096**	**4,314**	**-7,422**	**76,648**
Profit (loss) for the period					-5,886	-5,886
Other comprehensive profit (loss)				-2,045		-2,045
Total comprehensive profit (loss)				**-2,045**	**-5,886**	**-7,931**
Capital increase (note 9)	1	109				110
Share-based payments (note 11)			457			457
Equity 30 September 2021	**189**	**78,581**	**1,553**	**2,269**	**-13,309**	**69,284**

Amounts in USD 1,000	Share capital	Share premium	Other capital reserves	Other equity: Cumulative translation differences	Other equity: Retained earnings	Total equity
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 9)	1	187				189
Share-based payments (note 11)			298			298
Equity 30 September 2022	**191**	**78,856**	**2,002**	**-10,072**	**-21,999**	**48,979**

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 it's products and solutions to consumers and businesses around the world.

The interim consolidated financial statements of the Group for the period ended 30 September 2022 were authorized for issue in accordance with a resolution of the Board of Directors on 26 October 2022.

Reference is made to note 4.1 in the Group's consolidated financial statements for the year ended 31 December 2021 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' 2021 consolidated financial statements as at 31 December 2021. 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 2021. 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 Group has so far seen limited business impact related to the Covid-19 pandemic as the consumer demand for its products has in some cases increased due to elevated air quality awareness. In other instances, Covid-19 has led to a pressed semiconductor market which has resulted in increased component prices and delivery delays as production capacity has been held back by component shortage. Also, the pandemic has led to slowed retail store roll-out and limited access to buildings for the business segment. The Board continues to monitor the situation carefully to ensure appropriate measures are taken as the situation continues to unfold during 2022.

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 it's 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 2021.

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 and adjustments/ eliminations 3Q 2022

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 "Adjustments/eliminations" column in the tables below consists of IFRS adjustments that are not included as part of the segment reporting to the Board. The adjustment of USD 398 thousands (3Q 2021: USD 1,040 thousands) is related to consideration payable to a customer which was previously recognized as OPEX under NGAAP. Under IFRS, this is accounted for as a reduction of revenue.

The adjustment of USD 600 thousands (3Q 2021: USD 476 thousands) reflects the reversal of lease expenses for the Group's operating leases under NGAAP (3Q 2022: USD 216 thousands, 3Q 2021: USD 233 thousands), in addition to the reclass from OPEX to a reduction of revenue (3Q 2022: USD 384 thousands, 3Q 2021: USD 243 thousands). The IFRS adjustments are mainly related to the Consumer segment.

3Q 2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/ eliminations	Consolidated IFRS
REVENUES & PROFIT						
External customers	6,772	3,232	447		-398	10,052
Other operating income						
Total revenue	**6,772**	**3,232**	**447**		**-398**	**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	2,858	-600	3,385
EBITDA	**2,726**	**901**	**229**	**-4,272**	**202**	**-214**

3Q 2021 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/ eliminations	Consolidated IFRS
REVENUES & PROFIT						
External customers	8,342	1,376	429		-1,040	9,106
Other operating income						
Total revenue	**8,342**	**1,376**	**429**		**-1,040**	**9,106**
Cost of goods sold	2,696	511	76			3,284
Employee benefit expenses	354	829	90	2,096		3,369
Other operating expenses	377	195	161	2,590	-476	2,847
EBITDA	**4,915**	**-160**	**101**	**-4,687**	**-564**	**-395**

Group functions and adjustments/ eliminations YTD 2022

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 "Adjustments/eliminations" column in the tables below consists of IFRS adjustments that are not included as part of the segment reporting to the Board. The adjustment of USD 1,417 thousands (YTD 2021: USD 1,888 thousands) is related to consideration payable to a customer which was previously recognized as OPEX under NGAAP. Under IFRS, this is accounted for as a reduction of revenue.

The adjustment of USD 2,532 thousands (YTD 2021: USD 2,582 thousands) reflects the reversal of lease expenses for the Group's operating leases under NGAAP (YTD 2022: USD 686 thousands, YTD 2021: USD 614 thousands), in addition to the reclass from OPEX to a reduction of revenue (YTD 2022: USD 1,846 thousands, YTD 2021: USD 1,968 thousands). The IFRS adjustments are mainly related to the Consumer segment.

YTD 2022 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/ eliminations	Consolidated IFRS
REVENUES & PROFIT						
External customers	18,299	7,466	1,617		-1,417	25,965
Other operating income						
Total revenue	**18,299**	**7,466**	**1,617**		**-1,417**	**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	10,876	-2,532	12,077
EBITDA	**7,091**	**570**	**607**	**-18,413**	**1,115**	**-9,030**

YTD 2021 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/ eliminations	Consolidated IFRS
REVENUES & PROFIT						
External customers	18,940	3,649	2,415		-1,888	23,116
Other operating income				28		28
Total revenue	**18,940**	**3,649**	**2,415**	**28**	**-1,888**	**23,144**
Cost of goods sold	6,572	1,424	557			8,554
Employee benefit expenses	1,152	2,146	216	6,909		10,422
Other operating expenses	1,292	422	596	9,336	-2,582	9,065
EBITDA	**9,924**	**-343**	**1,046**	**-16,217**	**694**	**-4,897**

2021 (USD 1,000)	Consumer	Business	Professional	Group functions	Adjustments/ eliminations	Consolidated IFRS
REVENUES & PROFIT						
External customers	26,064	6,942	3,167		-2,502	33,671
Other operating income				28		28
Total revenue	**26,064**	**6,942**	**3,167**	**28**	**-2,502**	**33,699**
Cost of goods sold	9,574	2,708	743	16		13,041
Employee benefit expenses	1,603	3,230	325	9,969		15,127
Other operating expenses	2,177	796	817	13,570	-3,793	13,567
EBITDA	**12,710**	**208**	**1,282**	**-23,527**	**1,291**	**-8,035**

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 2022	3Q 2021	YTD 2022	YTD 2021	2021
Revenue from contracts with customers	9,933	8,976	25,601	22,741	33,172
Rental income	119	131	364	375	499
Total revenues	**10,052**	**9,106**	**25,965**	**23,116**	**33,671**

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

Geographical information (USD 1,000)	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
EMEA	1,842	2,102	7,629	6,715	9,537
North America (USA and Canada)	8,090	6,874	17,972	16,026	23,635
Total revenue from contracts with customers	**9,933**	**8,976**	**25,600**	**22,741**	**33,172**

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

Timing of revenue recognition (USD 1,000)	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
Goods transferred at a point in time	9,372	8,643	23,868	21,835	31,791
Subscription and services transferred over time	561	333	1,734	906	1,382
Total revenue from contracts with customers	**9,933**	**8,976**	**25,601**	**22,741**	**33,172**

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 2022	3Q 2021	YTD 2022	YTD 2021	2021
Sales and marketing	4,376	3,673	14,607	11,314	16,426
Research and development	1,087	1,742	5,294	5,712	8,110
General and administrative	807	802	4,492	2,460	4,157
Total operating expenses	**6,270**	**6,216**	**24,393**	**19,487**	**28,693**
Number of employees	138	131	138	131	139

YTD Operating expenses includes a number of one-off costs which occurred in 2Q22. First, the Company transitioned from the EuroNext Growth stock exchange to the main stock exchange, Oslo Børs. USD 0.31 million in OPEX costs were associated with this move. Second, the Company has taken steps to optimize its cost base to be prudent. Part of aligning its cost base includes a modest headcount reduction and a hiring freeze with few exceptions. Overall, the headcount reduction represents approximately 10% and an accrual of USD 0.64 million is being taken for restructuring related costs. Third, various other OPEX costs and accruals, including a write-down of bad debt, were taken in the second quarter totaling USD 0.35 million.

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	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
Depreciation of property, plant and equipment	65	46	203	164	256
Depreciation of right-of-use assets	193	199	590	530	737
Amortization and impairment of intangible assets (see details in the table below)	26	90	1,770	265	342
Total depreciation, amortization and impairment expenses	**284**	**335**	**2,562**	**958**	**1,335**

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)	Internally generated intangible assets	Software & systems	Technology 1)	Goodwill 2)	Total
Acquisition cost as at 31 December 2020		**727**	**1,770**	**3,317**	**5,814**
Additions		169			169
Currency translation effects		-18	-49	-93	-160
Acquisition cost as at 30 September 2021		**877**	**1,721**	**3,224**	**5,822**
Acquisition cost as at 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 at 30 September 2022	**1,134**	**1,063**	**1,513**	**2,607**	**6,317**
Accumulated amortization as at 31 December 2020		**119**	**45**		**164**
Amortization charge for the period		128	137		265
Impairment charge for the period					
Currency translation effects		2	-3		-2
Accumulated amortization as at 30 September 2021		**249**	**179**		**428**
Accumulated amortization as at 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 at 30 September 2022		**432**	**1,512**		**1,944**
Net book value:					
At 30 September 2021		**628**	**1,542**	**3,224**	**5,395**
At 31 December 2021		**847**	**1,647**	**3,210**	**5,705**
At 30 September 2022	**1,134**	**671**	**0**	**2,607**	**4,373**

Economic life (years)	5	5	10	Indefinite	
Depreciation plan	Straight-line				

1) Derecognition of technology

The Airtight acquisition in 2020 fast-forwarded our focus and understanding on how air quality monitoring can save energy in buildings. However, after a thorough pilot process Airthings decided during 2Q 2022 to not sell Airtight hardware as a separate product, but rather continue to help customers achieve energy savings through current AfB solution. Airthings sees major optimization opportunities to make existing buildings both smarter and more energy efficient, and the insights gleaned from the differential pressure concept will inform R&D efforts for the AfB portfolio going forward. This resulted in a derecognition of technology of USD 1.5 million specifically related to the Airtight hardware and USD 0.2 million of the inventory.

2) Goodwill

Airthings performed its annual impairment test for goodwill in December 2021 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 were disclosed in Airthings' consolidated financial statements for the year ended 31 December 2021.

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 normalized consolidated tax rate for the Group are 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 near future. Reference is made to note 2.8 in the Group's consolidated financial statements for the year ended 31 December 2021 for more information.

Note 9: 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 2020	**170,605,637**	**0.01**	**188**
Share capital increase - February 2021	523,400	0.01	1
Share capital increase - April 2021	112,900	0.01	0
Share capital increase - July 2021	289,600	0.01	0
At 30 September 2021	**171,531,537**	**0.01**	**189**
Share capital increase - October 2021	284,900	0.01	0
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	1
At 30 September 2022	**173,009,146**	**0.01**	**191**

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 price 30 September, 2022 (NOK)	4.475
Market capitalization 30 September, 2022 (NOKm)	774

The Group's shareholders:

Shareholders in Airthings ASA at 30 September 2022	Total shares	Ownership/Voting rights
Firda AS	33,818,849	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%
Bjørn Magne Sundal	4,170,000	2%
Koki Yoshioka	4,166,650	2%
TIN World Tech	3,025,292	2%
Danske Invest Norge Vekst	2,962,962	2%
Skilling Systemer AS	2,900,000	2%
Møsbu AS	2,814,236	2%
Verdipapirfondet EIKA Spar	2,790,764	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	2,190,069	1%
Brownske Bevegelser AS	2,000,000	1%
Other	68,427,299	41%
Total	**173,009,146**	**100%**

Shareholders in Airthings ASA at 31 December 2021	Total shares	Ownership/Voting rights
Firda AS	25,826,543	15%
Verdipapirfondet KLP AksjeNorge	7,762,222	5%
Rabakken Invest AS	5,800,364	3%
Atlas Invest AS	5,637,468	3%
Halvor Wøien	4,879,522	3%
Erlend Peter Johnsen Bolle	4,819,722	3%
Victoria India Fund AS	4,558,131	3%
J.P. Morgan Bank Luxembourg S.A.	4,433,967	3%
Bjørn Magne Sundal	4,364,999	3%
Koki Yoshioka	4,166,650	2%
JPMorgan Chase Bank	4,000,000	2%
Verdipapirfondet EIKA Spar	3,382,067	2%
Skandinaviska Enskilda Banken AB	3,025,292	2%
Skilling Systemer AS	3,000,000	2%
Danske Invest Norge Vekst	2,962,962	2%
Møsbu AS	2,814,236	2%
Verdipapirfondet Storebrand Norge	2,657,876	2%
Longfellow Invest AS	2,453,534	1%
Nore-Invest AS	2,450,659	1%
Storlien Invest AS	2,427,533	1%
Other	70,392,690	41%
Total	**171,816,437**	**100%**

Note 10: Earnings per share

(Profit or loss in USD)	3Q 2022	3Q 2021	YTD 2022	YTD 2021	2021
Profit or loss attributable to ordinary equity holders - for basic EPS	266,009	-460,549	-7,315,910	-5,886,253	-7,260,506
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	266,009	-460,549	-7,315,910	-5,886,253	-7,260,506
Weighted average number of ordinary shares - for basic EPS	172,975,717	171,416,970	172,569,897	171,167,793	171,306,689
Weighted average number of ordinary shares adjusted for the effect of dilution	176,778,761	178,410,832	177,511,123	178,299,356	178,442,358
Basic EPS - profit or loss attributable	**0.00**	**-0.00**	**-0.04**	**-0.03**	**-0.04**
Diluted EPS - profit or loss attributable*	**0.00**	**-0.00**	**-0.04**	**-0.03**	**-0.04**

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

Note 11: Share-based payments

Employees (including members of the 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 2022, the Group had 10,324,679 outstanding options with a weighted average strike price of NOK 3.71. Reference is made to note 6.8 of Airthings' 2021 consolidated financial statements for a description of the Group' share option plans.

During 3Q 2022, 1,675,682 share options were granted to key employees and members of the Board under the Group's share option plan from 2021. The fair value of the options granted during the three months ended 30 September 2022 was estimated on the date of grant using the following assumptions:

Weighted average fair values at the measurement date (NOK)	1.00
Dividend yield (%)	0.00%
Expected volatility (%)	42.54%
Risk-free interest rate (%)	2.67%
Expected life of share options (years)	2.50
Weighted average share price (NOK)	3.64
Weighted average exercise price (NOK)	3.76
Model used	BSM

YTD 2022, the Group has recognized USD 298 thousands of share-based payment expense in the statement of profit or loss (YTD 2021: USD 457 thousands).

As at 30 September 2022, the Group has recognized a social security provision for share-based payment of USD 218 thousands (30 June 2022: USD 183 thousands, 31 December 2021: USD 1,090 thousands).

Note 12: Other factors and significant events

War in Ukraine

The escalation of the conflict between Russia and Ukraine which led to armed conflicts in Ukraine on 24 February, 2022 has created uncertainty regarding the development of the global economy. The evolving conflict does currently not impact the Group directly, as it has no operating presence in either Russia, Belarus or Ukraine. Indirect effects however, such as financial market volatility, sanctions-related knock-on effects, general economic market conditions and other future responses of international governments, 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.

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, 2022. 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, 2022 there is no impact on the Group's assets or liabilities.

Note 13: 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 2022 and YTD 2021 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 2022	3Q 2021	2021
MRR September	286	172	239
ARR	**3,429**	**2,067**	**2,866**

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 2022	3Q 2021	YTD 2022	YTD 2021	2021
Revenue	10,052	9,106	25,965	23,116	33,671
EBITDA	**-214**	**-395**	**-9,030**	**-4,897**	**-8,035**
EBITDA margin	**-2%**	**-4%**	**-35%**	**-21%**	**-24%**

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 2022	3Q 2021	YTD 2022	YTD 2021	2021
Revenue	10,052	9,106	25,965	23,116	33,671
Cost of goods sold	3,996	3,284	10,602	8,554	13,041
Gross profit	**6,056**	**5,822**	**15,363**	**14,562**	**20,630**
Gross profit margin	**60%**	**64%**	**59%**	**63%**	**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
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