



**AIRTHINGS**

# **Annual Report 2020**





# Key highlights

1

2020 sales revenue of

**NOK214.5m**

up 54% YoY

2

2020 total gross profit of

**NOK144.5m**

2020 sales gross profit margin of 67%

3

Total ARR reached

**NOK10.6m**

by end of year, up 267%

4

Successful product release of

**Hub & House Kit**

5

Successful acquisition of proptech company

**Airtight**

in third quarter, increasing focus on energy efficiency for Airthings for Business (AfB).

6

Launched two virtual sensors -

**Mold Risk indicator** and  
**Virus Risk indicator**

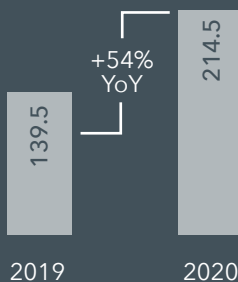
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Private placement and public listing - raising

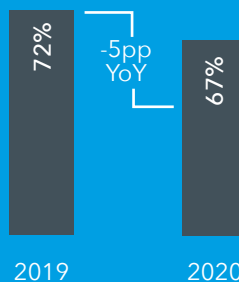
**NOK500m**

in growth capital in fourth quarter

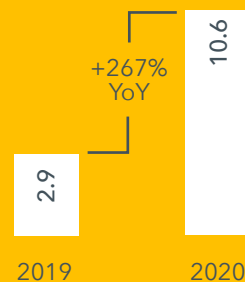
GROUP SALES REVENUE  
(NOKm)



SALES GROSS PROFIT  
MARGIN



ANNUAL RECURRING REVENUE  
(NOKm)



# The year in brief

Airthings ASA reported a strong 2020 with sales revenue reaching NOK214.5m, up 54% YoY. The growth was solid across all three segments. Sales gross profit margin came in at 67%, down 5%-points, mainly driven by product mix in the Consumer segment, but also driven by a higher share of product sales in the Airthings for Business (AfB) segment. In AfB, the up-front hardware revenue has a lower margin, while the service recurring revenue has a very high margin. As the service recurring revenue will likely increase exponentially and thus get a higher share of the total revenue in the future, the gross margins for AfB should increase over the coming years. Despite the global challenges as a result of Covid-19, Airthings can look back at several highlights throughout 2020: release of Hub and House Kit, acquisition of Airtight, opening of Stockholm office, IPO, launch of Mold Risk Indicator and Virus Risk Indicator, roll-out in 545 Home Depot stores, and more. We are taking the strong growth with us into 2021, expecting revenue of NOK315-345m and ARR of NOK32-40m.

## Quarterly highlights

### 1Q

We **released the Hub and House Kit** for the Consumer segment during the quarter. Furthermore, Airthings for Business started gaining traction especially from municipalities and facility managers. Successful radon season fueled by great coverage in Consumer Reports and Time Magazine for Best Inventions in 2019. This resulted in **record breaking revenue of NOK50.7m** for the quarter.

### 2Q

The quarter was challenging due to the outbreak of **Covid-19**. Amazon made a strategic decision to focus on essential products and our retail business in Europe was hit as new store **roll-outs were being pushed out**. Despite challenges related to Covid-19, we managed to close a **solid quarter with revenue of NOK40m**, where Pro segment and Airthings for Business continued showing strong growth.

### 3Q

During third quarter, Airthings **acquired Airtight**, a proptech company, and opened up a Stockholm office, hiring the Yanzi sales-team. On September 8, we launched **Mold Risk Indicator**, our first virtual sensor, to all customers who owns a Wave Mini (Consumer and AfB). As a result, the Wave Mini passed the 4-star hurdle on Amazon, enabling participation in important Amazon-led campaigns. Sell-through for Wave Mini was up 400%+ MoM.

### 4Q

During October, Airthings successfully completed a NOK500m private placement and had **its first trading day** on Euronext Growth under the ticker AIRX. We continue to focus on brand awareness and **new unique web users reached 1.2m**, up more than 140% YoY in 2020. On November 18, 2020 Airthings launched the second virtual sensor - The **Virus Risk Indicator** to Airthings for Business customers, leveraging our existing sensor data to provide insights, based on advanced cloud analytics.

# This is Airthings

Airthings was founded with an inventive spirit and an ambitious objective: to offer accurate, user-friendly radon detectors to the masses, making them as common as smoke detectors. Today the company is a leader in air quality technology, having sold hundreds of thousands of radon and air quality monitors to consumers and businesses around the world.



Airthings is a global tech company and producer of award-winning radon and indoor air quality monitors for consumers, businesses, and professionals. Established in 2008 and led by a team of experienced scientists, engineers, leaders, and visionaries, Airthings is on a mission to empower the world to breathe better through simple, affordable, and accurate technology solutions while optimizing energy consumption in buildings.

## Our story

Every idea starts with a problem: radon testing for homeowners hadn't improved in almost 30 years. Several particle physicists working together at CERN (European Organization for Nuclear Research) saw a gap in the radon market—or more like a deadlock. Traditionally, consumers only had two options: call a professional to test their radon levels, or purchase a single-use charcoal test which was then sent to a lab for the results. Our founders went to work creating the very first consumer digital radon detector. Airthings was founded to break free from these traditions and put consumers, as well as business owners, back

in control of their indoor air quality. Today, we have branched out from a pure radon focus, to monitoring and controlling a wide range of air quality issues for homes, businesses, and professionals.

## International recognition

Airthings' radon and air quality monitors have received several awards including the TIME's Best Inventions of 2019 award and CES 2021 Innovation Award Honoree. Recently, the company received Frost & Sullivan's 2020 Global Product Leadership Award in the indoor air quality monitoring industry. The award recognizes companies that offer a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

Headquartered in the heart of Oslo, and with offices in the US, Canada, Germany and Sweden, Airthings has over 120 employees from more than 30 nationalities and counting. Airthings is a proud supporter of the American Lung Association's LUNG FORCE initiative, the British Lung Association's Living Well Alliance, and the Norwegian Asthma and Allergy Association.





## Our technology

Since 2008, Airthings has introduced a steady stream of innovative solutions for consumers, businesses, and professionals, tackling indoor air pollutants such as Radon, carbon dioxide (CO<sub>2</sub>), and airborne chemicals (VOCs), as well as energy efficiency in buildings. The heart of our system is in the cloud where we provide advanced analytics and insights from the data. Airthings is gathering massive amounts of data from sensors in homes and buildings around the world. Our

technology and solutions are done in-house. From industrial design and radio protocol, to app creation, software and firmware. The majority of products are smart products with corresponding apps, online dashboards, an API, plus a constant stream of new features. Airthings' offerings now include digital radon detectors as well as smart indoor air quality monitors and solutions for homes, schools, offices, restaurants, and other commercial buildings—earning a reputation of true leadership in the industry.



# Business overview

Airthings is a hardware-enabled software company delivering innovative air quality and energy management solutions. The company develops, produces and sells air quality and energy management solutions to three customer segments: consumers, businesses and professionals.



## Consumer

Our Consumer segment sells air quality sensors to everyone with a home that wants to take action, creating a healthy home environment. Airthings is the global leader in the air quality market. Our largest market is the US. Total 2020 revenue reached NOK180.4m, up 46% YoY. The strategy for the Consumer segment is to build a global presence by working with premium retailers and e-commerce partners worldwide. Currently, Amazon currently is the biggest sales channel.

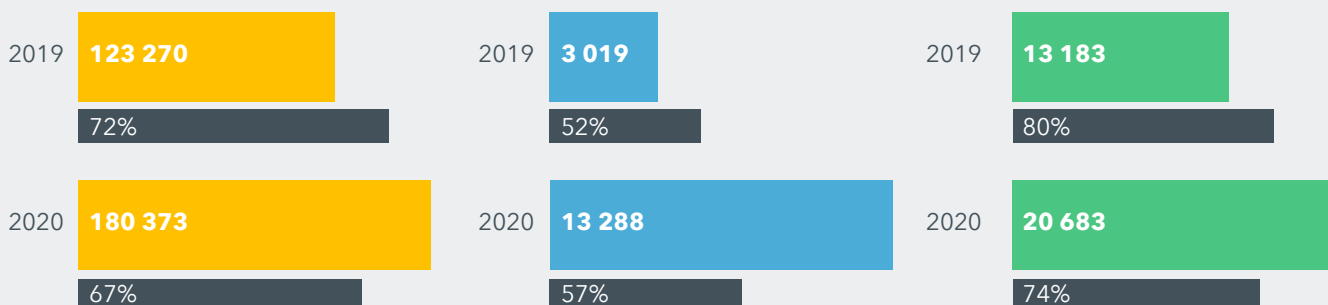
## Airthings for Business

Airthings for Business is our B2B segment, selling solutions to schools, office buildings, and other commercial buildings. Launched in 2019, the segment has grown significantly the last two years. 2020 revenue reached NOK13.3m up 340% YoY. A portion of this is recurring revenue. With Airthings for Business, the customers can monitor the indoor air quality and occupancy in real time and remotely make decisions to save energy and improve productivity of the people in the buildings.

## Pro

Pro is our segment for home inspectors and radon professionals. By using our Corentium Pro, home inspectors and other radon professionals can accurately measure, analyze, and report radon levels in conjunction an inspection of a home or building. We offer products for sale and rental, as well as a calibration service. Our Pro segment grew by 57% YoY in 2020, to NOK20.7m. A portion of this is recurring revenue.

### Revenue and gross profit margin



# Letter from the CEO

Dear Airthings Community,

Without a doubt, 2020 has been a year to remember. While many companies saw challenges, Airthings, saw opportunities. 2020 brought air quality into focus—by federal governments, research, legislation and press. In response to the pandemic, we are seeing significant attention going towards helping schools and offices become healthy space. We see that Airthings can be a big part of reopening small businesses, schools, restaurants, gyms and more. And we see the momentum continuing to increase around the importance of air quality. In the midst of a global pandemic, we went public on Euronext Growth, part of the Oslo Stock Exchange, under the ticker AIRX. Through the acquisition of Airtight, we have increased our focus on energy efficiency in our B2B-segment, and at the end of October 2020, we enabled our customers to save 450 tonnes CO2 emissions through dynamic ventilation control.

Major accomplishments within our consumer business include successful product releases of two new hardware products, Hub and House Kit, as well as the Mold Risk Indicator feature which greatly increased Wave Mini sales. We continue to expand into some of the world's largest retailers with a successful launch into 545 Home Depot stores in the USA and 195 Clas Ohlson stores across Norway, Sweden, Denmark and Finland. And reaching a 4+ star-rating on Amazon across all Airthings products solidified our position as a category leader on the world's largest e-commerce platform.

Our B2B business has grown exponentially this year, enabled by expanded sales coverage, marketing, and new features like the Virus Risk Indication and CO2 Alert. We also received RESET certification on Wave Plus which is important in the building automation segment.

Our Radon Pro Business jumped from NOK12.7M in 2019 to NOK20.3M in 2020, and with an increase portion of service revenue. We have ramped up our rental program and opened a radon-certified Airthings Lab in the US to complete our Radon Professional certifications in a more sustainable and customer friendly way.

In December, we kicked off our partnership with the Champions Chess Tour (Play Magnus Group) by hosting the Airthings Masters which included the best Chess Grandmasters from all over the world competing online. Chess and esports, in general, have seen a huge rise in popularity during the pandemic and the demographics have great overlap with the Airthings demographics. As the Official Air Quality Partner of the tour, Airthings continues to partner with The Meltwater Champions Chess Tour throughout 2021.

PR and press coverage was up and we saw over 150% increase in web traffic from 2019. The Mold Risk Indicator and Virus Risk Indicator features each won Innovation Award Honorees at CES 2021. Airthings received the Global Product Leadership award from leading analyst firm Frost & Sullivan. We were one of 8 Norwegian companies named in the FT's 1000 Europe's fastest-growing companies of 2020.

In 2020 we spent time updating our company purpose and goals. Airthings is on a mission to ensure people around the world take control of their air quality through simple, sustainable, and accessible technology solutions—making radon and air quality solutions an essential element of every building.

Sustainability has been at the heart of our company from the beginning, but in 2020 we took time to formalize our plans and become more transparent in our sustainability goals. We joined the UN Global Compact, focusing

on responsible growth benefiting people and the planet. Externally, we create health-focused products that spread awareness about the dangers of poor indoor air quality. Internally, we have a focus on diversity and inclusion, promoting opportunity for all, no matter the race, age, gender, nationality or education.

Airthings' success is based on the work of a highly-skilled, passionate and diverse workforce. We hired 37 new employees in 2020 and now include more than 30 nationalities from every continent. We continue to do regular employee surveys and see that employee satisfaction continued to increase from the already high scores from 2019.

Sadly, the WHO says that 4.2 million people have died last year due to poor air quality. If we continue to educate on the dangers of poor

air quality, we will do what we can to lower this number. That is why we have partnered up with the American Lung Association's LUNG FORCE initiative, the British Lung Association's Living Well Alliance, and the Norwegian Asthma and Allergy Association. We also created a purely educational site to help children, parents and teachers learn about air quality called Air for Kids.

If we continue to DARE, LOVE and FOCUS, imagine how we can empower the world to breathe better.



**Oyvind Birkenes**  
CEO, Airthings





# Board of Directors Report

Airthings is a hardware-enabled software company which develops, markets and sell products and systems for monitoring indoor air quality, radon and energy efficiency. The company's head office is located in Oslo, Norway. The company's goal is to be a global leader in products and solutions for indoor air quality and radon measurement and energy efficiency. The company sells to the commercial market, the professional market, and to the consumer market. Airthings ASA has two wholly owned subsidiaries. One in the USA, Airthings America INC and one in Norway, Airtight AS.

## Financial summary

Airthings has during 2020 grown both revenue and gross profit. The company has grown in all markets and segments where Airthings for Business, the company's B2B segment, has seen the most rapid increase. Together, the three entities make up Airthings Group.

## Income statement

In the year under review, Airthings Group posted total revenue of NOK215.7m, up 49% YoY. Revenue was split NOK214.5m and NOK1.2m in sales revenue and other revenue, respectively. The latter is reduced by NOK2.6m from the 4Q20 report as only costs related to grants from Innovation Norway can be recognized as revenue, while the 4Q20 report also included Horizon 2020 grant related to Airtight acquisition.

Gross profit grew by 38% in the period, reaching NOK144.5m in 2020. Group gross margin contracted during the period, mainly driven by product mix in the Consumer segment, but also driven by a higher share of product sales in the Airthings for Business (AfB) segment. In AfB, the up-front hardware revenue has a lower margin,

while the service recurring revenue has a very high margin.

EBIT decreased from NOK-16.5m to NOK-54.3m in the period. The decline is driven by increased personnel expenses due to planned expansion, where investments in the Airthings for Business segment salesforce has been a significant contributor. Furthermore, Airthings Group had other expenses related to share-based compensation (non-cash) and listing/private placement costs totaling NOK12.6m YoY.

Depreciation increased from NOK0.7m to NOK5.0m in 2020 due to goodwill from the acquisition of Airtight in 3Q20 in addition to investments in production tools.

Total financial expenses reached NOK4.9m in 2020, up NOK3.8m in the period.

Airthings net loss was NOK40.1m in 2020.

## Balance sheet

As of December 31, 2020, Airthings Group had total assets of NOK738.4m. Current assets such as cash, receivables and inventory represented NOK654.3m. Non-current assets represented NOK84.1m and consisted primarily of deferred tax asset of NOK23.0m as well as goodwill of NOK36.4m related to the Airtight acquisition.

Airthings Group had total liabilities of NOK78.5m as per December 31, 2020, NOK66.2m being current liabilities such as payables, public duties, and other short-term debt where the latter also includes the two growth loans previously mentioned.

Airthings Group had a net cash position of NOK520.5m as per December 31, where cash and cash equivalents amounted to NOK537.0m and growth loans amounted to NOK16.5m. The growth loans were settled in January 2021.

## Cash flow statement

Airthings Group's cash flow from operating activities decreased from NOK-34.2m to NOK-57.7m in 2020 driven by negative operating results, according to growth plan, as well as increased working capital as a result of company growth.

Total cash flow from investments was NOK-18.0m in 2020. The main drivers were cash payments related to the Airtight acquisition.

Cash flow from financing was NOK563.7m in 2020. Change in long-term interest bearing debt is related to installments on two growth loans. Both loans were repaid in January 2021 and are thus recorded as short-term interest bearing debt on the balance sheet. Change in equity is mainly related to the private placement in conjunction with the private placement completed in 4Q20. The total transaction was NOK870m split NOK500m and NOK370m in primary and secondary component, respectively. Total costs related to the transaction were NOK43.4m.

## Allocation of net profit

The consolidated accounting loss ended at NOK40.1m. The allocation of the net profit for the year is shown in the Annual Financial Statement.

## PARENT COMPANY ACCOUNTS

The parent company, Airthings ASA, had in 2020 a net loss of NOK30.1m (2019: loss of NOK13.2m). The revenue from sales amounted to NOK204.0m (2019: NOK139.4m) and other revenue to NOK1.2m (2019: NOK4.8m). Gross profit in 2020 was NOK135.0m (2019: NOK105.3m). Operating expenses amounted to NOK177.4m (2019: NOK121.3m) and loss before tax was NOK48.6m (2019: NOK17.1m). In 2020, the tax expense was NOK-18.5m (2019: NOK-4.0m).

Total assets per year end 2020 amounted to NOK746.6m (2019: NOK144.8m) whereof current assets of NOK633.6m. Total equity per December 31, 2020 was NOK671.3m (2019: NOK99.2m). Current debt per year end 2020 was NOK75.3m (2019: NOK27.7m). Per December 31, 2020 the

Parent had no long term debt (2019: NOK17.9m).

Net cash flow from operating activities was NOK-50.5m (2019: NOK-34.4m), and net cash flow from investing activities was NOK-35.0m (2019: NOK-5.2m) included increase in loan to Airthings INC with NOK16.4m and cash settlement of Airtight with NOK12.8m. Net cash flow from financing activities was NOK563.7m (2019: NOK75.3m). Cash balance December 31, 2020 was NOK525.4m (2019: NOK47.1m).

In the opinion of the Board, the Annual Financial Statements provide a true and fair view of the Group's financial position at the end of the year. The Board deems the Group's liquidity and financing to be satisfactory and views the Annual Financial Statements and the Group's performance as a basis for the Group to continue as a going concern.

## RISKS AND RISK MANAGEMENT

Risk management is a continuous process and an integrated part of the business. When operating across multiple markets, Airthings is exposed to a range of risks that may affect its business. Some key risk areas are discussed below.

### Interest rate

Airthings borrowing were linked to NIBOR and as a result, the company was exposed to interest rate fluctuations. As all borrowings were repaid in January 2021, the company does no longer have any interest risk.

### Liquidity

Management of liquidity risk is accorded high priority. Due to the private placement completed in 4Q20, the company has significant liquid assets and as such the liquidity risk is deemed to be low.

### Credit

Airthings has close connection with its customers and as such the Group has low losses on receivables. However, the increased operations of the company outside the US and home market exposes Airthings to different credit risk environments. The Board of Directors deems credit risk to be at an acceptable level.



## Foreign currency

The company is exposed to currency fluctuations due to the international nature of its operations. Most of the revenue and cost of goods sold are in the same currency, limiting the exposure. Currently, there is no currency hedging.

## ORGANIZATION, WORKING ENVIRONMENT AND EQUALITY

In 2020, the average number of FTEs in the Group was 79, an increase of 35 compared to last year. The Group is satisfied with the working environment, and continuously strives to further improve the working environment. Sickness absence in the Group amounted to 0.66% (1.5% including child care days due to Covid-19) in 2020. No material personal injuries or damage to material was registered in 2020. Employee representatives serve on the company's board.

At the end of the year, 27% of the Group's employees were women. The IT industry in general is characterized by a low share of female employees. To counter this, Airthings works systematically to improve the share of female employees at all levels. One of the company's objectives is to offer equal salary levels and career opportunities regardless of gender. The Board of Directors comprises of 4 men and 3 women.

The purpose of the Norwegian Anti-Discrimination Act is to promote equality, safeguard equal opportunities and rights, and prevent discrimination on the grounds of ethnicity, national origin, descent, skin color, language, orientation, religion, or belief. Airthings endeavors to promote the objectives of the Act in its operations with regards to recruitment, wages and working conditions, promotion, development opportunities and protection against harassment. Airthings strives to be a workplace where there is no discrimination on grounds of disability.

## CORPORATE GOVERNANCE

Airthings considers good corporate governance to be a prerequisite for value creation, trustworthiness, and access to capital. To secure strong and sustainable corporate governance, it is important

that Airthings ensures good and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations across Airthings Group.

Airthings ASA is incorporated and registered in Norway and is subject to Norwegian law. The shares of Airthings are listed on Euronext Growth. As a Norwegian public limited liability company listed on Euronext Growth, Airthings must comply with the Norwegian Securities Trading Act, the Continuing obligations for companies listed on Oslo Børs, the Norwegian Public Limited Liability Companies Act and all other applicable laws and regulations.

The Company endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on October 17, 2018 with the following exceptions:

- Corporate governance report to be reviewed and made available on company webpage.
- No current nomination committee, however board considers establishing committee by end of 2021.
- Establishment of audit committee to be considered. Current responsibilities are handled by selected board members.
- Executive compensation related matter are handled by selected board members, all independent of the company's executive personnel.
- Remuneration of board members are not linked to the company's performance. Board members will not be granted share options, however one board member has obtained options prior to listing.
- Guidelines related to compensation to executive employees will not be presented at the AGM.

The applicable governance principles in Airthings are articulated in a set of corporate governance principles which is approved by the BoD. These apply to all of Airthings' subsidiaries

as well as Airthings itself. Key elements of these policies are included in this report.

Shareholders exercise the ultimate authority in Airthings through the Annual General Meeting, where all shareholders are entitled to attend. The BoD encourages all investors to participate in the AGM.

Financial reporting in Airthings is built on the reporting from the individual legal entities, which are reported monthly according to a pre-defined process and reported to the Group Finance team in a standardized format. These financial statements are reviewed by the Group Finance team before being consolidated into a set of consolidated financial statements for the Group. Based on these consolidated financial statements, management in Airthings reports on the financial performance of the Group to the BoD monthly. Furthermore, management prepares detailed quarterly financial reporting which is approved by the BoD and published externally.

## Sustainability

At Airthings we are committed to grow responsibly for the wellbeing of the people and the planet.

Airthings is a purpose-driven company that cares about making a difference for our people, planet and the way we do business, by empowering the world to breathe better. As leaders in indoor air quality monitoring, with a focus on the health and wellbeing of homes and businesses alike, it is only natural to assume that sustainability is close to our values. 2020 was a milestone year in Airthings as we started our Sustainability Journey, creating a holistic sustainability strategy for its value chain. The 17 United Nations (UN) Sustainable Development Goals (SDGs) became the pillars for our framework and we are committed to embed them in all aspects of our business strategy.

As a first commitment to a plan of action, we decided to join the UN Global Compact. The voluntary initiative aims to implement universal sustainability principles and align operations and strategies. These include human rights, labor, environment, anti corruption and take actions that

advance societal goals.

We worked very closely with our internal and external stakeholders to build a resilient strategy, we strongly believe that this close relationship encourages a chain reaction as a shared commitment. Airthings created a passionate team of 12 volunteers from a wide variety of Airthings departments and nationalities who helped shape Airthings future of sustainability. We have called them the "Sustainability Ambassadors", together with them we made Environment, Social and Governance (ESG) self diagnosis where we identified our positive and negative impacts (direct and indirect) that were mapped against the Sustainable Development Goals (SDGs). We identified 15 main material issues that are categorized in 3 main groups; Planet, People and Governance.

## Airthings Values and ESG

We have identified that the sustainable dimensions play a central role as they are aligned with our core values:

- To love the planet and its people's health and well-being by building an agile organization that cares about making a difference
- To dare innovate, be curious, and make a difference in the way we do business. Empower our employees to reach their goals and a work-life balance
- To focus on creating the best experiences and solutions, on our customers, processes, and quality by doing no harm to our environment while scaling innovative accessible solutions to serve a global market (as shown in the pie chart)



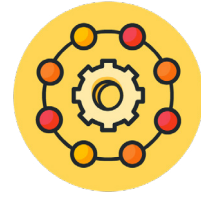




## Planet



## People



## Business



WATER  
CONTAMINANTS &  
CONSUMPTION



PRODUCT  
LIFECYCLE



RAW  
MATERIALS



EQUALITY  
GAP



EMPLOYEE  
TALENT



CORPORATE  
SOCIAL  
RESPONSIBILITY



DATA  
SECURITY



MULTI  
CULTURALITY



WASTE  
MANAGEMENT



CLIMATE  
CHANGE



AIR QUALITY DATA  
FOR HEALTHIER  
LIFESTYLE



EMPLOYEE HEALTH,  
SAFETY &  
WELLBEING



BUSINESS  
ETHICS &  
GOVERNANCE



INNOVATE FOR A  
CIRCULAR  
ECONOMY

SDG Focus:



## Airthings and the SDG

As all of the SDGs are interconnected and to be able to focus our efforts and create an achievable and reliable strategy, we prioritized 5 SDGs that sum up these.

During the last year we worked on identifying not only our direct and indirect negative impacts, but also how Airthings provide products and services that contribute to achieving the SDGs:

**SDG-3 Health and Wellbeing:** On average people spend 90% of the time indoors. It is shocking though, that the air we breathe most—indoor air—is often 2 to 5 times worse than outside (EPA). Radon gas, for instance, gets trapped indoors, causing more than 20 000 people to lose their lives every year in Europe, 21 000 in the US, and over 350 in Norway alone. There is also particulate matter (PM 2.5) which comes from city pollution, combustion from cooking and fireplaces, as well as wildfires, and dust and other allergens. PM 2.5 is a known factor in heart attacks and cancer and the leading cause of death due to poor air quality,

causing an alarming rate of 379,000 premature deaths in Europe (Miljødirektoratet, 2020). Also very important, good air quality is proven to help with sleep, decision making, focus, productivity and overall well-being. Just recently with the pandemic, these facts have come to the forefront in the news. With Airthings air quality monitors, simple changes at home, at work, at school, make a big difference in our overall health, safety and wellbeing. Monitoring and learning about the air we breathe will empower us to breathe better and change our habits indoors to enjoy fresher air.

**SDG-13 Climate Action:** Because we spend 90% of our time indoors, comfort and air circulation are important in buildings, however, it also requires a high amount of energy consumption. Therefore, buildings are Europe's largest energy consumer, accounting for approximately 40% of EU energy consumption and 36% of the total CO<sub>2</sub> emissions in Europe. With Airthings devices and solutions we are able to optimize the ventilation system to help customers decrease their energy

consumption by up to 25%. Approximately 10% of energy consumption can be saved by optimizing heating, ventilation and air conditioning, while on average during operating hours, 15% of energy consumption can be saved by aligning indoor and outdoor pressure. Since fall of 2020, we have helped our customers reduce 567 tons of CO<sub>2</sub> emissions or the equivalent to removing 138 fossil fuel cars from the road for a year. We have established an ambitious goal to help our customers reduce their energy consumption and mitigate 1.000.000 tons of CO<sub>2</sub> emissions by 2026, or the equivalent of 61.728 Amsterdam - NYC flights. (Calculations based on estimates of energy saved from buildings controlled by Airthings devices.)

We understand sustainability as a state to reach, where our values will be 100% aligned with the 3 sustainability dimensions: people, planet and business. We should pursue economic growth without causing harm to the environment and take good care of the people involved in our value chain. While we have considered sustainability for a while, there is a long road ahead for us to be considered a fully sustainable company, but this first step explains our understanding of the importance of this quest. For further information, please refer to the separately prepared ESG/ Sustainability Report for 2020, which is prepared in accordance with the UN Global Compact (UNGC). You can have access to this paper once it is accepted by the UNGC through [www.airthings.com/sustainability](http://www.airthings.com/sustainability).

## **EQUITY AND SHAREHOLDER ISSUES**

In 2020, Airthings Group increased its share capital by NOK570 598,37 to NOK1 706 056.37 allocated to 170 605 637 shares, each with a nominal value of NOK0.1. The increase was driven by private placements - raising growth capital, acquisition of Airtight, and share issue in connection with the employee option program.

The Extraordinary General Meeting on October 22, 2020 authorized the board of directors to increase the share capital by up to NOK663 306 for three different purposes. The authorization is

valid until the earlier of Airthings Annual General Meeting in 2022 and June 2022.

- Offer to subscribe for the Company's shares (including any over-allotment) in advance of or in connection with a potential listing of the Company's shares on a marketplace
- Raising capital to finance the Company's operations, and in connection with acquisitions and mergers
- Issuance of shares to the Group's employees or board members in connection with option and incentive programs, both individual and general, and other share-based remuneration

## **2021 OUTLOOK AND EVENTS AFTER END OF 2020**

Airthings key focus for 2021 is to continue capitalizing on the current land grabbing opportunity. While the company focuses on organic growth as the NOK1bn revenue target for 2024 is purely organic, Airthings has an opportunistic view on potential acquisitions. Future financial performance for Airthings will depend both on the market demand for the products and services offered by Airthings, and Airthings' ability to address this market demand. The Board of Directors believes Airthings is well positioned to grow and improve profitability, and the ambition for 2021 is revenue in the range of NOK315-345m and year-end ARR in the range of NOK32-40m.

Early 2020, the global pandemic situation arose from the outbreak of the SARS-CoV-2 virus (Covid-19). This pandemic situation represents a challenge to the global economy with no historic precedent and has thus created a significant uncertainty on future economic outlook globally.

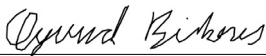
At the date of this report, all Airthings employees are safe and remain productive. Airthings has taken measures to protect employees and support the ongoing efforts to contain the Covid-19 pandemic in line with local and global health authorities, and the transition to remote work has so far been seamless for our employees, customers, and business partners.



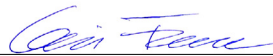
In terms of business impact, Airthings has so far seen limited impact as the consumer demand for our products have in some cases increased due to elevated air quality awareness, while in other instances Covid-19 has slowed retail store roll-out and limited access to buildings for our B2B segment. Going forward, the long-term impact will depend on the overall development of the pandemic itself and the public measures taken to contain the spread of the virus, which in some scenarios could impact Airthings through lower growth rates, increasing credit risk and

challenges in recruiting and onboarding new staff. The board continues to monitor the situation carefully to ensure appropriate actions are taken as the situation continues to unfold during 2021.

The Board emphasizes that forward looking statements contained in this report are based on various assumptions and forecasts that, by their nature, involve risk and uncertainty. Accordingly, actual results may differ materially. The board of directors would like to extend our appreciation to the Airthings workforce for their contributions during 2020.



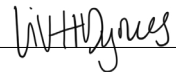
**Øyvind Birkenes**  
CEO



**Geir Førre**  
Chair



**Lars Boilesen**  
Board member



**Liv Dynes**  
Board member



**Audhild Andersen Randa**  
Board member



**Aksel Lund Svindal**  
Board member



**Tore Rismyhr**  
Board member, employee



**Anlaug Underdal**  
Board member, employee

Oslo, March 24, 2021

# Statement of the Board and CEO

The Board and CEO have today considered and approved the Director's Report and Annual Financial Statements for Airthings ASA as of December 31, 2020 (Annual Report 2020).

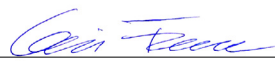
Consolidated Financial Statements have been prepared in accordance with the Accounting Act (Norway) and generally accepted accounting principles.

To the best of our knowledge:

- The Annual Financial Statements for 2020 for the parent company and Group have been prepared in accordance with applicable accounting standards.
- The information in the Annual Financial Statements gives a true and fair view of the assets, liabilities, financial position and overall results as of December 31, 2020.
- The Director's Report gives a true and fair view of:
  - The development, result and position of the Group and parent company.
  - The principal risks and uncertainties faced by the Group and the company.



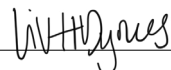
**Øyvind Birkenes**  
CEO




**Geir Førre**  
Chair



**Lars Boilesen**  
Board member



**Liv Dyrnes**  
Board member




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Board member



**Aksel Lund Svindal**  
Board member



**Tore Rismyhr**  
Board member, employee



**Anlaug Underdal**  
Board member, employee

Oslo, March 24, 2021

# Shareholder information

Airthings objective is to provide positive value creation and long-term return to shareholders that reflects the inherent risk in the company. The Company plans to achieve this by delivering on its business plan and through precise communication ensuring that the share price accurately reflects the value, and growth prospects, of the Company.

## **Investor relations**

Communicating with investors and analysts, both in Norway and internationally, is a high priority for Airthings.

The Company's objective is to ensure that investors, potential investors, the market in general and other stakeholders gain simultaneous access to accurate, clear, relevant, and up-to-date information about Airthings.

To facilitate this, the Group will hold quarterly presentations of its most recent quarterly results, with attendance from senior management. These presentations will be open to the investor community and the public and will also be available online.

All investor relation activities are conducted in compliance with relevant rules, regulations, and recommended practices. Airthings continually provides its investors, Oslo Børs, the securities market and financial market in general, with timely and precise information about Airthings and its operations.

## **Devoted to good Corporate Governance**

Airthings considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital.

In order to secure strong and sustainable corporate governance, it is important that Airthings ensures good and healthy business

practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Group.

Airthings has governance documents setting out principles for how its business should be conducted. These apply to all of Airthings' subsidiaries as well as Airthings itself. References to certain more specific policies are included in this corporate governance policy, where relevant. Airthings' governance regime is approved by the board of directors of Airthings.

## **Employee Share Purchase Program**

Airthings has a share based payment program where all employees are granted share options when they commence in their position.

The vesting time of options is four years from grant date; 25% of the options vest on the first anniversary of the grant date and the remaining 75% of the options vest in equal monthly tranches over the next 36 months. Options expire ten years after grant date. For further details, please see Note 2.

## **Share capital**

At December 31, 2020, the share capital in the company was NOK1 706 056,37, divided into 170 605 637 shares with a nominal value of NOK0.01 per share. Airthings has one class of shares, with each share carrying one vote. Firda AS was the largest share owner with 24 949 613, or 14.6%, of the share capital.



| Shareholder                      | Shares             | Ownership     |
|----------------------------------|--------------------|---------------|
| Firda AS                         | 24 949 613         | 14.6%         |
| Rabakken Invest AS               | 8 300 364          | 4.9%          |
| Verdipapirfondet KLP Aksjenorge  | 8 062 222          | 4.7%          |
| Atlas Invest AS                  | 5 637 468          | 3.3%          |
| Verdipapirfondet Norge Selektiv  | 4 984 704          | 2.9%          |
| Sundal, Bjørn Magne              | 4 851 853          | 2.8%          |
| Wøien, Halvor                    | 4 829 522          | 2.8%          |
| Bolle, Erlend Peter Johnsen      | 4 819 722          | 2.8%          |
| Skilling Systemer AS             | 4 350 763          | 2.6%          |
| J.P. Morgan Bank Luxembourg S.A. | 4 258 660          | 2.5%          |
| Other                            | 95 560 746         | 56.0%         |
| <b>Total shares</b>              | <b>170 605 637</b> | <b>100.0%</b> |

#### Financial calendar

|                        |                   |
|------------------------|-------------------|
| 1Q21 quarterly results | April 29, 2021    |
| Half-yearly report     | July 29, 2021     |
| 3Q21 quarterly results | October 28, 2021  |
| 4Q21 quarterly results | February 17, 2022 |

#### Analyst coverage

|                   |                           |                 |
|-------------------|---------------------------|-----------------|
| DNB               | Christoffer Wang Bjørnsen | +47 24 16 91 43 |
| Arctic Securities | Henriette Trondsen        | +47 21 01 32 84 |
| ABG               | Øystein Lodgaard          | +47 22 01 60 26 |
| Carnegie          | Eirik Rafdal              | +47 22 00 93 78 |

| Ownership structure -<br>Number of shares held | Number of<br>shareholders | Number of<br>shares | Proportion of<br>share capital |
|--|---------------------------|---------------------|--------------------------------|
| 1-1 000  | 648                       | 296 635             | 0.2%                           |
| 1 001-10 000                                   | 423                       | 1 561 398           | 0.9%                           |
| 10 001-100 000                                 | 126                       | 4 076 472           | 2.4%                           |
| 100 001-500 000                                | 59                        | 14 344 297          | 8.4%                           |
| 500 001-                                       | 54                        | 150 326 835         | 88.1%                          |
| <b>Total</b>                                   | <b>1 310</b>              | <b>170 605 637</b>  | <b>100.0%</b>                  |

# Consolidated income statement

| Consolidated income statement                |         | Parent          |                 | Group           |                 |
|--|---------|-----------------|-----------------|-----------------|-----------------|
| P&L (NOK 1 000)                              | Notes   | 2020            | 2019            | 2020            | 2019            |
| Sales revenue                                | 10,12   | 203 961         | 139 426         | 214 494         | 139 472         |
| Other operating income                       | 13      | 1 160           | 4 809           | 1 160           | 4 809           |
| <b>Operating income</b>                      |         | <b>205 121</b>  | <b>144 235</b>  | <b>215 654</b>  | <b>144 281</b>  |
| Cost of sales                                | 10      | 70 154          | 38 902          | 71 134          | 39 202          |
| <b>Gross profit</b>                          |         | <b>134 967</b>  | <b>105 333</b>  | <b>144 519</b>  | <b>105 079</b>  |
| Payroll expenses                             | 1,2     | 76 022          | 46 640          | 85 599          | 52 097          |
| Other operating expenses                     | 1,10,14 | 101 427         | 74 617          | 108 176         | 68 805          |
| <b>EBITDA</b>                                | 22      | <b>- 42 482</b> | <b>- 15 924</b> | <b>- 49 255</b> | <b>- 15 823</b> |
| Depreciation                                 | 5,16    | 1 996           | 617             | 4 997           | 694             |
| <b>Operating profit (loss) / EBIT</b>        |         | <b>- 44 478</b> | <b>- 16 542</b> | <b>- 54 252</b> | <b>- 16 517</b> |
| Interest income from group entities          | 10      | 587             | 296             | 0               | 0               |
| Other interest income                        |         | 166             | 353             | 183             | 354             |
| <b>Total financial income</b>                |         | <b>753</b>      | <b>649</b>      | <b>183</b>      | <b>354</b>      |
| Other interest expenses                      |         | 1 006           | 959             | 1 004           | 964             |
| Other financial expenses                     | 17      | 3 907           | 283             | 3 911           | 178             |
| <b>Total financial expenses</b>              |         | <b>4 913</b>    | <b>1 242</b>    | <b>4 915</b>    | <b>1 142</b>    |
| <b>Net financial income and expenses</b>     |         | <b>- 4 160</b>  | <b>- 593</b>    | <b>- 4 732</b>  | <b>- 787</b>    |
| <b>Result before tax</b>                     |         | <b>- 48 638</b> | <b>- 17 135</b> | <b>- 58 984</b> | <b>- 17 304</b> |
| Tax expense                                  | 3,4     | - 18 512        | - 3 961         | - 18 858        | - 3 992         |
| <b>Result of the year</b>                    |         | <b>- 30 126</b> | <b>- 13 174</b> | <b>- 40 126</b> | <b>- 13 312</b> |
| <b>Pre-split earnings per share (NOK)*</b>   |         |                 |                 |                 |                 |
| Earnings (loss) per share                    |         |                 |                 | -60.82          | -24.13          |
| Diluted earnings (loss) per share            |         |                 |                 | -60.82          | -24.13          |
| <b>Post-split earnings per share (NOK)**</b> |         |                 |                 |                 |                 |
| Earnings (loss) per share                    |         |                 |                 | -0.30           | -0.12           |
| Diluted earnings (loss) per share            |         |                 |                 | -0.30           | -0.12           |
| Brought forward                              |         |                 |                 |                 |                 |
| From other equity                            |         | 30 126          | 13 174          | 40 126          | 13 312          |
| <b>Total brought forward</b>                 | 9       | <b>- 30 126</b> | <b>- 13 174</b> | <b>- 40 126</b> | <b>-13 312</b>  |

# Balance sheet

| Consolidated balance sheet                      |       | Parent     |            | Group      |            |
|---|-------|------------|------------|------------|------------|
| Assets (NOK 1 000)                              | Notes | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Intangible fixed assets                         |       |            |            |            |            |
| Software and systems                            | 16    | 5 183      | 3 672      | 5 183      | 3 672      |
| Research and development                        | 16,19 |            |            | 1 469      |            |
| Deferred tax asset                              | 3,4   | 22 057     | 3 900      | 22 933     | 4 477      |
| Goodwill  | 16,19 |            |            | 36 427     |            |
| <b>Total intangible assets</b>                  |       | 27 240     | 7 572      | 66 011     | 8 149      |
| Tangible fixed assets                           |       |            |            |            |            |
| Plant and machinery                             | 5     |            |            | 456        | 349        |
| Equipment, fixtures and fittings and tools      | 5,15  | 4 077      | 1 915      | 4 619      | 1 948      |
| <b>Total tangible assets</b>                    |       | 4 077      | 1 915      | 5 076      | 2 297      |
| Investments in subsidiaries                     | 11,19 | 45 656     | 291        |            |            |
| Loan to group companies                         | 10,15 | 23 278     | 6 834      |            |            |
| Other receivables                               | 15    | 12 713     | 42         | 13 004     | 353        |
| <b>Total fixed financial assets</b>             |       | 81 648     | 7 167      | 13 004     | 353        |
| <b>Total non-current assets</b>                 |       | 112 965    | 16 665     | 84 091     | 10 799     |
| Current assets                                  |       |            |            |            |            |
| Inventories                                     | 6,15  | 37 707     | 28 044     | 40 095     | 29 029     |
| <b>Total inventories</b>                        |       | 37 707     | 28 044     | 40 095     | 29 029     |
| Receivables                                     |       |            |            |            |            |
| Accounts receivables                            | 15    | 56 150     | 38 806     | 59 730     | 40 736     |
| Other receivables                               | 13    | 14 433     | 14 164     | 17 387     | 14 169     |
| <b>Total debtors</b>                            |       | 70 584     | 52 970     | 77 118     | 54 905     |
| <b>Bank deposits, cash and cash equivalents</b> | 7     | 525 358    | 47 130     | 537 048    | 49 076     |
| <b>Total current assets</b>                     |       | 633 649    | 128 144    | 654 261    | 133 010    |
| <b>Total assets</b>                             |       | 746 614    | 144 798    | 738 351    | 143 809    |



# Balance sheet

| Consolidated balance sheet                        |       | Parent     |            | Group      |            |
|---|-------|------------|------------|------------|------------|
| Equity and liabilities (NOK 1 000)                | Notes | 31.12.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 |
| Paid in equity                                    |       |            |            |            |            |
| Share capital                                     | 8     | 1 706      | 568        | 1 706      | 568        |
| Own shares  | 9     |            | - 3        |            | - 3        |
| Share premium reserve                             | 9     | 711 464    | 91 668     | 711 464    | 91 668     |
| Other paid-in equity                              |       | 9 912      | 5 587      | 9 912      | 5 587      |
| <b>Total restricted equity</b>                    | 9     | 723 082    | 97 820     | 723 082    | 97 820     |
| Retained earnings                                 |       |            |            |            |            |
| Other equity                                      | 9     | - 51 817   | 1 388      | - 63 256   | - 314      |
| <b>Total retained earnings</b>                    | 9     | - 51 817   | 1 388      | - 63 256   | - 314      |
| <b>Total equity</b>                               |       | 671 265    | 99 209     | 659 826    | 97 507     |
| Liabilities                                       |       |            |            |            |            |
| Other long-term liabilities                       |       |            |            |            |            |
| Liabilities to financial institutions             |       |            | 8 889      |            | 8 889      |
| Employers fee share based payments                | 2,15  | 12 304     |            | 12 304     |            |
| Other long-term liabilities                       | 15    |            | 9 000      |            | 9 000      |
| <b>Total other long-term liabilities</b>          |       | 12 304     | 17 889     | 12 304     | 17 889     |
| Current liabilities                               |       |            |            |            |            |
| Liabilities to financial institutions             | 15    | 7 222      |            | 7 222      |            |
| Trade payables                                    |       | 23 812     | 11 927     | 23 788     | 12 149     |
| Tax payable                                       | 3,4   |            |            |            | 39         |
| Public duties payable                             |       | 7 573      | 3 416      | 7 577      | 3 416      |
| Other short term liabilities                      | 18    | 24 437     | 12 357     | 27 634     | 12 810     |
| <b>Total current liabilities</b>                  |       | 63 045     | 27 701     | 66 222     | 28 414     |
| <b>Total liabilities</b>                          |       | 75 349     | 45 589     | 78 526     | 46 303     |
| <b>Total liabilities and shareholders' equity</b> |       | 746 614    | 144 798    | 738 351    | 143 809    |



Øyvind Birkenes  
CEO



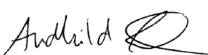
Geir Førrø  
Chair



Lars Boilesen  
Board member



Liv Dyrnes  
Board member



Audhild Andersen Randa  
Board member



Aksel Lund Svindal  
Board member



Tore Rismyhr  
Board member, employee



Anlaug Underdal  
Board member, employee

Oslo, March 24, 2021

# Cash flow

| Consolidated cash flow statement                         |       | Parent   |          | Group    |          |
|--|-------|----------|----------|----------|----------|
| (NOK1 000)   | Notes | 2020     | 2019     | 2020     | 2019     |
| <b>Operating activities</b>                              |       |          |          |          |          |
| Profit before tax  |       | - 48 638 | - 17 135 | - 58 984 | - 17 304 |
| Paid tax   | 2,3   | 0        | 0        | - 39     | 0        |
| Depreciation and amortization                            | 5,16  | 1 996    | 617      | 4 997    | 694      |
| Adjustment for share-based payment                       | 2     | 4 325    | 4 118    | 4 688    | 4 118    |
| Change in inventories                                    | 6     | - 9 663  | - 13 872 | - 11 066 | - 14 242 |
| Change in accounts receivable                            | 15    | - 17 344 | - 10 621 | - 18 994 | - 9 889  |
| Change in accounts payable                               | 15    | 11 885   | - 2 961  | 11 639   | - 3 353  |
| Change in provisions and other payables/receivables      |       | 6 963    | 5 422    | 10 043   | 5 727    |
| <b>Net cash flow from operating activities</b>           |       | - 50 477 | - 34 430 | - 57 715 | - 34 248 |
| <b>Investing activities</b>                              |       |          |          |          |          |
| Purchase of intangible and fixed assets                  | 5,16  | - 5 669  | - 4 058  | - 6 329  | - 4 247  |
| Acquisition of subsidiary                                | 11,19 | - 12 758 | 0        | - 12 758 | 0        |
| Cash from acquisitions                                   | 19    | 0        | 0        | 1 463    | 0        |
| Payments on long-term receivables                        |       | - 16 527 | - 1 113  | - 347    | - 182    |
| <b>Net cash flow from investing activities</b>           |       | - 34 954 | - 5 171  | - 17 971 | - 4 429  |
| <b>Financing activities</b>                              |       |          |          |          |          |
| Proceeds from borrowings                                 |       | 0        | 17 889   | 0        | 17 889   |
| Repayment of borrowings                                  |       | - 1 667  | 0        | - 1 667  | 0        |
| Proceeds from issuing new shares and capital increases   | 9     | 563 592  | 54 729   | 563 592  | 54 729   |
| Proceeds from sales of own shares                        | 9     | 1 732    | 2 676    | 1 732    | 2 676    |
| <b>Net cash flow from financing activities</b>           |       | 563 658  | 75 295   | 563 658  | 75 295   |
| <b>Net change in cash and cash equivalents</b>           |       | 478 227  | 35 694   | 487 972  | 36 617   |
| Cash and cash equivalents at the beginning of the period |       | 47 130   | 11 437   | 49 076   | 12 459   |
| <b>Cash and cash equivalents at the end of period</b>    | 7     | 525 358  | 47 130   | 537 048  | 49 076   |

# Notes to the financial statement 2020

## Information about the Company and the Group

Airthings ASA is a public limited liability company incorporated and domiciled in Norway. The Company's office address is Wergelandsveien 7, 0167 Oslo, Norway. The Company's shares are listed on Euronext Growth Oslo.

The Airthings Group is comprised by Airthings ASA and two wholly owned subsidiaries. One in the USA, Airthings America INC and one in Norway, Airtight AS.

These consolidated financial statements have been approved for issuance by the Board of Directors on March 24, 2021, and is subject to approval by the Annual General Meeting on May 5, 2021.

## Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

## Use of estimates

The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

## Going Concern

The annual accounts have been prepared based on the going concern assumption in accordance with section 3-3a of the Norwegian Accounting Act. This is based on the Group's plans, budgets and level of activity going forward.

## Basis of consolidation

The consolidated financial statements for 2020 comprise the parent company and its subsidiaries (collectively referred to as the "Group" or to each company as a "group company"), and show the consolidated profit/loss and the consolidated financial position for the parent company Airthings ASA and its subsidiaries. Airtight AS was acquired in 2020, and is consolidated in to the Group at the time of control, which was August 21, 2020.

All significant transactions and outstanding balances between the companies are eliminated. Intercompany margin on inventory and assets that are held by the subsidiaries per 31 December are also eliminated.

Statements are presented in Norwegian kroner (NOK), which is also the Parent Company's functional currency.

The accounting currency of Airthings America INC is USD. For consolidation purpose, the income statement is translated at the monthly average exchange rate. Assets and liabilities are translated at the foreign exchange rate at the balance sheet date. All exchange differences are entered as separate items as part of the consolidated statement of changes in equity.

## Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

## Revenue from sale of goods

Revenue from sale of goods are recognised in the income statement when both risk and control have passed on to the buyer. The risk being the



asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Normally this will be when the goods are delivered to the customer. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

### **Revenue from sale for services**

Revenue for services are recognised when the services are performed and the company has a right to payment for performed.

### **Rental income**

Rental income is recognised on a straight-line basis over the lease term. Variable rent is recognised the company has the right to payment of the variable rent.

### **Classification and assessment of balance sheet items**

Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities.

### **Intangible assets / R&D**

Expenditure on own Research and Development are expensed as and when they incur.

Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are amortised linearly over the asset's expected useful life.

### **Fixed assets**

Tangible fixed assets are capitalised and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. Maintenance of operating equipment

is expensed on an ongoing basis. Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated.

Costs related to leases of fixed assets are expensed over the lease period. Prepayments are reflected in the balance sheet as a prepaid expense, and are distributed over the rental period.

### **Impairment of fixed assets**

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

### **Inventory**

The inventory of purchased goods is valued at the lower of acquisition cost according to the FIFO principle and net sales value. Finished goods of own production and work in progress are valued at production cost, including both variable and fixed production costs.

### **Receivables**

Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

## **Tax**

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net. Deferred tax on surplus value from acquisition of subsidiaries is not offset.

## **Foreign currencies**

Assets and liabilities in foreign currencies are valued at the exchange rate at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognised as operating income and cost of goods sold.

## **Reclassification of comparable figures**

The cost of Employee stock options that should have been expensed and reported as personnel cost in the financial statement of 2019, is adjusted in the comparable figures. The payroll cost and the result of 2019 is effectively changed with MNOK 4,1 compared to the annual report for 2019.

## **Warranties, guarantee commitments/ complaints and service**

Provision for warranties and service work for completed projects /sales is recorded at the expected cost of such work. The estimate is based on historical figures for service and warranty repairs. The amount is recorded under other current liabilities and is recognised in the income statement on a straight-line basis over the warranty and service period.

## **Cash Flow statement**

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

## Note 1 - Salaries and personnel expenses, remuneration to Corporate Management, Board of Directors and Auditor

| Parent (NOK 1 000)                           | 2020          | 2019          |
|--|---------------|---------------|
| Salaries/wages                               | 62 895        | 37 618        |
| Non-cash share based payment                 | 3 962         | 4 118         |
| Social security fees                         | 9 193         | 5 560         |
| Pension expenses                             | 2 390         | 1 415         |
| Other benefits                               | 1 523         | 1 561         |
| Skattefunn                                   | - 3 941       | - 3 631       |
| <b>Expenses salaries and personnel costs</b> | <b>76 022</b> | <b>46 640</b> |

|  |    |    |
|--|----|----|
| Average numbers of full-time equivalents | 65 | 44 |
|--|----|----|

| Group (NOK 1 000)                            | 2020          | 2019          |
|--|---------------|---------------|
| Salaries/wages                               | 71 521        | 42 746        |
| Non-cash share based payment                 | 4 325         | 4 118         |
| Social security fees                         | 9 781         | 5 888         |
| Pension expenses                             | 2 390         | 1 415         |
| Other benefits                               | 1 523         | 1 561         |
| Skattefunn                                   | - 3 941       | - 3 631       |
| <b>Expenses salaries and personnel costs</b> | <b>85 599</b> | <b>52 097</b> |

|  |    |    |
|--|----|----|
| Average numbers of full-time equivalents | 73 | 47 |
|--|----|----|

The cost of Employee stock options that should have been expensed and reported as personnel cost in the financial statement of 2019, is adjusted in the table above.

The payroll cost and the result of 2019 is effectively changed with NOK4.1m compared to the annual report for 2019.

### Pension obligations

Airthings ASA has a pension scheme that meets the requirements set out in the Norwegian Obligatory occupational pension Act.

At December 31, 2020, Airthings ASA's pension scheme had 71 members. The cost of pension is specified in the above table.



## Remuneration of Corporate Management and Board of Directors

| Position                               | Øyvind Birkenes<br>CEO | Erlend Bolle<br>CTO | Koki Yoshioka<br>COO | Lauren Pedersen<br>CMO | Erik Lundby<br>CFO |
|--|------------------------|---------------------|----------------------|------------------------|--------------------|
| Period                                 | 1.1. - 31.12.          | 1.1. - 31.12.       | 1.1. - 31.12.        | 5.2. - 31.12.          | 24.8. - 31.12.     |
| Salary                                 | 1 708                  | 1 128               | 1 172                | 1 052                  | 422                |
| Bonus                                  | 360                    | 50                  | 50                   |                        |                    |
| Pension Cost                           | 56                     | 51                  | 53                   | 56                     | 20                 |
| Benefits in kind                       | 11                     | 11                  | 11                   | 164                    | 3                  |
| Exercised share options, taxable value | 6 864                  |                     |                      |                        |                    |
| <b>Total</b>                           | <b>8 998</b>           | <b>1 240</b>        | <b>1 286</b>         | <b>1 272</b>           | <b>445</b>         |

| Position                               | Pål Berntsen<br>VP & GM Airthings for Business | Torje Carlsson<br>VP & GM Consumer Products | Jonas Olsson<br>VP R&D Hardware Products | Alexander Sagen<br>VP R&D Software Solutions |
|--|--|---|--|--|
| Period                                 | 1.1. - 31.12.                                  | 1.1. - 31.12.                               | 1.4. - 31.12.                            | 1.1. - 31.12.                                |
| Salary                                 | 1 221  | 1 242                                       | 785                                      | 907  |
| Bonus                                  | 351  | 341   |  | 50   |
| Pension cost                           | 53   | 55  | 55                                       | 37   |
| Benefits in kind                       | 11   | 11  | 7  | 11   |
| Exercised share options, taxable value | 263  |   |  | 64   |
| <b>Total</b>                           | <b>1 899</b>                                   | <b>1 649</b>                                | <b>847</b>                               | <b>1 069</b>                                 |

Loans or guarantees have not been granted to management or other related parties in 2020 or 2019.

The CEO has a performance based bonus agreement up to 30% of base salary. The criteria for bonus achievement are 50% based on achievement of KPIs, and 50 % discretionary set by the Board. A bonus of NOK 360 000 was paid out in 2020.

VP & GM Airthings for Business and VP&GM Consumer products have an agreement of bonus up to 30% of base salary. The criteria for bonus achievement is based on the sales teams total budget.

The leadership team has an agreement of a bonus up to NOK 100 000 as a result of the company wide KPI targets.

The CEO and some members of the Board have share option rights. Granted and exercised options are listed in the table below. Taxable value of exercised options are presented in the table above. The employee share option program is described in the note 2 - Share-based Payment. Note 8 provides further information on shares held by the Management Team and Board of Directors.

There are no agreements for severance pay to the CEO, Corporate Management or Board of Directors.

### Remuneration to the Board of Directors (NOK 1 000)

| Name                   | Position                | Period         | 2020       |
|------------------------|-------------------------|----------------|------------|
| Geir Førre             | Chair                   | 1.1 - 31.12.   | 175        |
| Aksel Lund Svindal     | Board Member            | 1.1 - 31.12.   |            |
| Lars Boilesen          | Board Member            | 1.10. - 31.12. | 100        |
| Liv Dynes              | Board Member            | 1.10. - 31.12. | 100        |
| Audhild Andersen Randa | Board Member            | 1.10. - 31.12. | 100        |
| Anlaug Underdal        | Employee representative | 1.10. - 31.12. |            |
| Tore Rismyhr           | Employee representative | 1.10. - 31.12. |            |
| <b>Total</b>           |                         |                | <b>475</b> |

Remuneration of the Board of Directors consist of a fixed annual fee, and was adopted by the General Meeting on October 22, 2020. Annual remuneration is NOK 350 000 for the Chair and NOK 200 000 for Board Members, whereof 50% shall be paid out in advance and 50% in arrears. Board Member Aksel Lund Svindal will not receive additional remuneration until his granted share options are fully vested. Vesting period is four years from grant date April 1, 2019. Employee representatives do not receive remuneration nor share options for board participation.

### Share options to Corporate Management and Board of Directors

| Position                            | Øyvind Birkenes<br>CEO | Lauren Pedersen<br>CMO | Erik Lundby<br>CFO | Pål Berntsen<br>VP & GM<br>Airthings for<br>Business | Torje Carlsson<br>VP & GM<br>Consumer<br>Products |
|-------------------------------------|------------------------|------------------------|--------------------|--|---|
| Options per January 1, 2020*        | 2 544 600              |                        |                    | 500 000  | 686 200   |
| Grants 2020                         |                        | 200 000                | 160 000            |  |   |
| Exercised options 2020              | 608 000                |                        |                    | 27 000   |   |
| Average strike                      | 0,7336                 | 3,5550                 | 7,5150             | 1,4500   | 1,4500  |
| Average strike on exercised options | 0,6073                 |                        |                    | 1,4500   |   |
| Options per December 31, 2020       | 1 936 600              | 200 000                | 160 000            | 473 000  | 686 200   |
| Expiration date                     | 28/08/2025             | 05/02/2030             | 24/08/2030         | 01/01/2029   | 01/01/2029  |

\* Number of options per January 1, 2020 recalculated based on split of shares adopted by the General Meeting October 1, 2020, see further details in note 2.

| Position                            | Jonas Olsson<br>VP R&D<br>Hardware Products | Alexander Sagen<br>VP R&D<br>Software Solutions | Aksel LundSvindal<br>Board Member | Anlaug Underdal<br>Employee representative | Tore Rismyhr<br>Employee representative |
|-------------------------------------|---|---|-----------------------------------|--|---|
| Options per January 1, 2020*        |   | 192 400   | 100 000                           | 60 000                                     | 60 000                                  |
| Grants 2020                         | 200 000                                     |   |                                   |  |   |
| Exercised options 2020              |   | 10 000  |                                   | 13 000                                     | 16 200                                  |
| Average strike                      | 3,3550                                      | 1,2466  | 3,3550                            | 1,4500                                     | 1,4500                                  |
| Average strike on exercised options |   | 0,7032  |                                   | 0,7032                                     | 3,3550                                  |
| Options per December 31, 2020       | 200 000                                     | 182 400   | 100 000                           | 47 000                                     | 43 800                                  |
| Expiration date                     | 01/04/2030                                  | 01/06/2027                                      | 01/04/2029                        | 01/11/2027                                 | 01/10/2029                              |

\* Number of options per January 1, 2020 recalculated based on split of shares adopted by the General Meeting October 1, 2020, see further details in note 2.

#### Remuneration of auditors ex VAT (NOK 1 000)

|                                       |            |
|---------------------------------------|------------|
| Statutory audit                       | 292        |
| Tax advisory and other services       | 234        |
| <b>Total remuneration to auditors</b> | <b>525</b> |

The subsidiaries, Airthings America INC and Airtight AS are not audited.

The cost of audit of the subsidiaries related to the Group Financial Statements is included in the total remuneration of NOK 525 400.

## Note 2 - Share-based payment

Airthings has a share based payment program where all employees are granted share options when they commence in their position. The vesting time of options is four years from grant date; 25% of the options vest on the first anniversary of the grant date and the remaining 75% of the options vest in equal monthly tranches over the next 36 months. Options expire ten years after grant date.

The fair value of the employee services received in exchange for the grant of the options, is recognized as an expense based on the Company's estimate of equity instruments that will vest. The expense is reported as an employee expense with a corresponding increase in equity (other paid-in capital). The fair value of the options is measured using the Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The expected volatility is estimated at an average of 44.33% for 2020 and 47.17% for 2019 based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share



option grants in 2020 and 2019 is respectively 0.77% and 1.34%. Expected turnover was for 2020 and 2019 set to 2%.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognized during a period. When options are exercised, the Company issues new shares. The proceeds received are recognized as share capital (nominal value) and share premium reserve. The cost of social security tax on exercised share options is carried by the employees. The social security tax on vested, non exercised options is presented in the balance sheet both as a receivable towards employees and a payable to the tax authorities. On December 31, 2020, a total social security tax on vested, non exercised options was recognized as a long term receivable and long term debt of NOK12.3m.

In 2020, NOK4.3m was recognized as cost of share-based payment for the Group. The corresponding figure for 2019 was NOK4.1m. The cost of Employee stock options that should have been expensed and reported as personnel cost in the financial statement of 2019, is adjusted in the comparable figures. The payroll cost and the result of 2019 is effectively changed with NOK4.1m compared to the annual report for 2019. The cost of share-based payment for the Parent was NOK4.0m in 2020 and NOK4.1m in 2019.

October 1, 2020 the General Meeting adopted a split of shares where the nominal value of each share changed from NOK 2.00 to NOK 0.01 and the number of share options effectively multiplied with 200. The weighted-average assumption used to determine the Black Scholes fair value of options granted in 2020 (pre- and post-split) and 2019 were:

| 01.01.2019 - 31.12.2019  |        |                  |
|--------------------------|--------|------------------|
|                          | Shares | Weighted Average |
| Dividend Yield           | 17 231 |                  |
| Interest Rate (%)        | 17 231 | 1.34             |
| Expected Life (in Years) | 17 231 | 6.9598           |
| Volatility (%)           | 17 231 | 47.17            |
| Share Price (NOK)        | 17 231 | 621.7200         |
| Exercise Price (NOK)     | 17 231 | 513.7189         |

| 01.01.2020 - 01.10.2020  |        |                  |
|--------------------------|--------|------------------|
| Pre-Split                | Shares | Weighted Average |
| Dividend Yield           | 7 700  |                  |
| Interest Rate (%)        | 7 700  | 0.97             |
| Expected Life (in Years) | 7 700  | 10.0000          |
| Volatility (%)           | 7 700  | 49.46            |
| Share Price (NOK)        | 7 700  | 1 019.0100       |
| Exercise Price (NOK)     | 7 700  | 891.7400         |

| Post-Split               | 01.01.2020 - 31.12.2020 |                  |
|--------------------------|-------------------------|------------------|
|                          | Shares                  | Weighted Average |
| Dividend Yield           | 150 824                 |                  |
| Interest Rate (%)        | 150 824                 | 0.77             |
| Expected Life (in Years) | 150 824                 | 9.9024           |
| Volatility (%)           | 150 824                 | 44.33            |
| Share Price (NOK)        | 150 824                 | 11.5126          |
| Exercise Price (NOK)     | 150 824                 | 10.5389          |

In 2020, 158 524 share options were granted to a weighted average exercise price of NOK53.34, and 908 684 options were exercised. The corresponding numbers for 2019 were 17 321, NOK513.72, and 321, respectively. As of December 31, 2020, there were a total of 9 715 824 outstanding options. Of these, 5 494 600 were vested. Comparable figures for 2019 were 47 708 outstanding options whereof 24 229 were vested.

The following table shows the changes in share based payment in 2020 and 2019:

| Period activity (NOK)                  | 01.01.2020 - 31.12.2020 |                                 | 01.01.2019 - 31.12.2019 |                                 |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
|  | Shares                  | Weighted Average Exercise Price | Shares                  | Weighted Average Exercise Price |
| Outstanding at the beginning of period | 47 708                  | 283.76                          | 30 798                  | 153.70                          |
| Granted                                | 158 524                 | 53.34                           | 17 231                  | 513.72                          |
| Exercised                              | -908 684                | 1.42                            | -321                    | 149.64                          |
| Forfeited                              | -1 762                  | 298.14                          |                         |                                 |
| Expired                                |                         |                                 |                         |                                 |
| Modification*                          | 10 420 038              | 1.86                            |                         |                                 |
| Outstanding at the end of period       | 9 715 824               | 2.08                            | 47 708                  | 283.76                          |
| Vested outstanding                     | 5 494 600               | 1.06                            | 24 229                  | 140.41                          |

\*Modification due to split of 200 in October 2020.

### Outstanding options 2020 pre- and post split

| Pre-Split Exercise price | Outstanding Options Per 01.10.2020 | Weighted average remaining contractual life | Weighted average remaining years until vesting | Weighted average exercise price | Vested outstanding per 01.10.2020 | Weighted average exercise price | Weighted average remaining life vested |
|--------------------------|------------------------------------|---|--|---------------------------------|-----------------------------------|---------------------------------|--|
| 0.00-10.00               |                                    |   |  |                                 |                                   |                                 |  |
| 10.00-100.00             |                                    |   |  |                                 |                                   |                                 |  |
| 100.00-1 000.00          | 49 962                             | 7.21  | 0.51   | 324.49                          | 29 744                            | 194.66                          | 6.27                                   |
| 1 000.00-                | 2 400                              | 9.88  | 2.04   | 1379.21                         |                                   |                                 |  |
| <b>Grand Total</b>       | <b>52 362</b>                      | <b>7.34</b>                                 | <b>0.58</b>                                    | <b>372.84</b>                   | <b>29 744</b>                     | <b>194.66</b>                   | <b>6.27</b>                            |

| Post-Split<br>Exercise price | Outstanding<br>Options Per<br>31.12.2020 | Weighted<br>average<br>remaining<br>contractual<br>life | Weighted<br>average<br>remaining<br>years until<br>vesting | Weighted<br>average<br>exercise<br>price | Vested<br>outstanding<br>per<br>31.12.2020 | Weighted<br>average<br>exercise<br>price | Weighted<br>average<br>remaining<br>life vested |
|------------------------------|--|---|--|--|--|--|---|
| 0.00-10.00                   | 9 625 000                                | 7.24  | 0.54   | 1.97                                     | 5 494 600                                  | 1.06                                     | 6.24  |
| 10.00-100.00                 | 90 824                                   | 9.91  | 2.06   | 13.00                                    |  |  |   |
| 100.00-1 000.00              |  |   |  |  |  |  |   |
| 1 000.00-                    |  |   |  |  |  |  |   |
| <b>Grand Total</b>           | <b>9 715 824</b>                         | <b>7.27</b>   | <b>0.55</b>  | <b>2.08</b>                              | <b>5 494 600</b>                           | <b>1.06</b>                              | <b>6.24</b>                                     |

### Outstanding options 2019

| Exercise price  | Outstanding<br>Options Per<br>31.12.2019 | Weighted<br>average<br>remaining<br>contractual<br>life | Weighted<br>average<br>remaining<br>years until<br>vesting | Weighted<br>average<br>exercise<br>price | Vested<br>outstanding<br>per<br>31.12.2019 | Weighted<br>average<br>exercise<br>price | Weighted<br>average<br>remaining<br>life vested |
|-----------------|--|---|--|--|--|--|---|
| 0.00-10.00      |  |   |  |  |  |  |   |
| 10.00-100.00    |  |   |  |  |  |  |   |
| 100.00-1 000.00 | 47 708                                   | 7.74  | 0.71   | 283.76                                   | 24 229                                     | 140.41                                   | 6.60  |
| 1 000.00-       |  |   |  |  |  |  |   |
| <b>Total</b>    | <b>47 708</b>                            | <b>7.74</b>   | <b>0.71</b>  | <b>283.76</b>                            | <b>24 229</b>                              | <b>140.41</b>                            | <b>6.60</b>                                     |

Please refer to Note 1 for further details on granted share options to Management Team and Board of Directors.

### Note 3 - Tax Airthings ASA

| This year's tax expense (NOK 1 000)        | 2020            | 2019           |
|--|-----------------|----------------|
| Entered tax on ordinary profit/loss:       |                 |                |
| Payable tax                                | - 356           |                |
| Change in deferred tax assets              | - 18 156        | - 3 961        |
| <b>Tax expense on ordinary profit/loss</b> | <b>- 18 512</b> | <b>- 3 961</b> |

| Taxable income (NOK 1 000)      | 2020            | 2019            |
|---------------------------------|-----------------|-----------------|
| Ordinary result before tax      | - 48 638        | - 17 135        |
| Permanent differences           | - 35 508        | - 4 988         |
| Change in temporary differences | 199             | 82              |
| <b>Taxable income</b>           | <b>- 83 947</b> | <b>- 22 041</b> |

| Payable tax in the balance (NOK 1 000)  | 2020         | 2019 |
|---|--------------|------|
| Payable tax on this years's result      |              |      |
| Tax on reversed losses                  | - 356        |      |
| <b>Total payable tax in the balance</b> | <b>- 356</b> |      |

Negative payable tax applies to the right to return losses for 2020 towards taxable profit in 2019 and 2018.

The tax effect of temporary differences and loss carried forward that has formed the basis for deferred tax and deferred tax assets, specified on types of temporary differences:

|  | 2020            | 2019           | Difference    |
|--|-----------------|----------------|---------------|
| Tangible assets                        | 218             | 193            | - 26          |
| Inventory                              | - 225           |                | 225           |
| <b>Total</b>                           | <b>- 7</b>      | <b>193</b>     | <b>199</b>    |
| Accumulated loss to be carried forward | - 100 252       | - 17 922       | 82 329        |
| Basis for deferred tax assets          | - 100 258       | - 17 729       | 82 529        |
| <b>Deferred tax assets (22%)</b>       | <b>- 22 057</b> | <b>- 3 900</b> | <b>18 156</b> |

Based on board approved forecasts for the period 2020-2025, there will be sufficient profit to make full use of the carryforward deficits. On the back of this, deferred tax assets have been capitalized.

#### Note 4 - Tax Airthings Group

| This year's tax expense (NOK 1 000)                          | 2020            | 2019           |
|--|-----------------|----------------|
| Payable tax Airthings ASA (see Note 3)                       | - 356           |                |
| Change in deferred tax Airthings ASA (see Note 3)            | - 18 156        | - 3 961        |
| Payable tax Airthings INC                                    |                 | 25             |
| Payable tax Airtight AS                                      | - 47            |                |
| Change in deferred tax on elimination of intercompany margin | - 299           | - 56           |
| <b>Total</b>   | <b>- 18 858</b> | <b>- 3 992</b> |

| Temporary differences (NOK 1 000)                    | 2020          | 2019         |
|--|---------------|--------------|
| Airthings AS (see Note 3)                            | - 100 285     | - 17 729     |
| Airthings INC, federal tax.                          | -6 580        | -161         |
| Non capitalized deferred tax asset in Airthings INC. | 6 580         | 161          |
| Airtight AS  | - 100         |              |
| Non capitalised deferred tax asset in Airtight AS    | 100           |              |
| Elimination of Intercompany margin per 31.12.        | - 3 981       | - 2 621      |
| Basis for deferred tax                               | - 104 266     | - 20 351     |
| <b>Deferred tax asset</b>                            | <b>22 933</b> | <b>4 477</b> |

| Payable tax in the balance (NOK 1 000)  | 2020         | 2019      |
|---|--------------|-----------|
| Airthings ASA                           | - 356        |           |
| Airtight AS                             | - 100        |           |
| Airthings America INC                   |              | 39        |
| <b>Total payable tax in the balance</b> | <b>- 456</b> | <b>39</b> |



## Note 5 - Fixed assets

| Parent (NOK 1 000)                    | Property, plant and equipment | Total   |
|---------------------------------------|-------------------------------|---------|
| Acquisition cost 1 January            | 3 233                         | 3 233   |
| Additions                             | 3 141                         | 3 141   |
| Disposals                             |                               |         |
| <b>Acquisition cost 31.12</b>         | 6 374                         | 6 374   |
| Accumulated depreciations 31 December | - 2 298                       | - 2 298 |
| <b>Book value 31.12</b>               | 4 077                         | 4 077   |
| Depreciation in the year              | 979                           | 979     |
| Depreciation rate (%)                 | 20 %                          |         |
| Depreciation plan                     | Linear                        |         |
| Economic useful life                  | 5 years                       |         |

| Group (NOK 1 000)                     | Property, plant and equipment | Rental instruments | Total   |
|---------------------------------------|-------------------------------|--------------------|---------|
| Acquisition cost 1 January            | 3 269                         | 459                | 3 729   |
| Acquisition cost Airtight 1 January   | 438                           |                    |         |
| Additions                             | 3 552                         | 249                | 3 801   |
| Disposals                             |                               |                    |         |
| <b>Acquisition cost 31.12</b>         | 7 259                         | 709                | 7 530   |
| Accumulated depreciations 31 December | - 2 640                       | - 252              | - 2 893 |
| <b>Book value 31.12</b>               | 4 619                         | 456                | 4 637   |
| Depreciation in the year              | 1 165                         | 143                | 1 308   |
| Depreciation rate (%)                 | 20 %                          | 20 %               |         |
| Depreciation plan                     | Linear                        | Linear             |         |
| Economic useful life                  | 5 years                       | 5 years            |         |

## Note 6 - Inventory

| Inventory (NOK 1 000)                      | Parent |        | Group  |        |
|--|--------|--------|--------|--------|
|  | 2020   | 2019   | 2020   | 2019   |
| Purchased finished goods                   | 37 707 | 28 044 | 40 095 | 29 029 |
| <b>Acquisition cost 31 December</b>        | 37 707 | 28 044 | 40 095 | 29 029 |
| Inventories valued at purchase cost        | 37 932 | 27 835 | 40 320 | 14 787 |
| Inventories valued at net realisable value | 37 707 | 27 835 | 40 095 | 14 787 |
| <b>Write-down for obsolescence</b>         | 225    |        | 225    |        |

## Note 7 - Restricted bank deposits, cash in hand etc.

| Restricted funds deposited in the tax deduction account (NOK 1 000) | Parent |       | Group |       |
|---|--------|-------|-------|-------|
|   | 2020   | 2019  | 2020  | 2019  |
| Restricted tax deductions   | 4 267  | 2 084 | 4 395 | 2 084 |
| Restricted cash   | 3 958  | 2 538 | 3 958 | 2 538 |
| Other restricted funds  | 1 400  |       | 1 400 |       |

Other restricted funds is a guarantee related to a credit agreement with DNB Mastercard.

## Note 8 - Number of shares, shareholder, etc.

| Share capital   | Number      | Nominal value | Book value   |
|-----------------|-------------|---------------|--------------|
| Ordinary shares | 170 605 637 | 0.01          | 1 706 056.37 |

| 20 largest shareholders           | Shares             | Ownership     |
|-----------------------------------|--------------------|---------------|
| Firda AS                          | 24 949 613         | 14.6%         |
| Rabakken Invest AS                | 8 300 364          | 4.9%          |
| Verdipapirfondet KLP Aksjenorge   | 8 062 222          | 4.7%          |
| Atlas Invest AS                   | 5 637 468          | 3.3%          |
| Verdipapirfondet Norge Selektiv   | 4 984 704          | 2.9%          |
| Sundal, Bjørn Magne               | 4 851 853          | 2.8%          |
| Wøien, Halvor                     | 4 829 522          | 2.8%          |
| Bolle, Erlend Peter Johnsen       | 4 819 722          | 2.8%          |
| Skilling Systemer AS              | 4 350 763          | 2.6%          |
| J.P. Morgan Bank Luxembourg S.A.  | 4 258 660          | 2.5%          |
| Yoshioka, Koki                    | 4 166 650          | 2.4%          |
| JPMorgan Chase Bank, N.A., London | 4 000 000          | 2.3%          |
| Danske Invest Norge Vekst         | 2 962 962          | 1.7%          |
| Verdipapirfondet DNB Norge        | 2 962 962          | 1.7%          |
| Storebrand Norge I Verdipapirfond | 2 901 978          | 1.7%          |
| MØSBU AS                          | 2 814 236          | 1.6%          |
| HSBC Trinkaus & Burkhardt AG      | 2 770 974          | 1.6%          |
| Verdipapirfondet DNB SMB          | 2 664 451          | 1.6%          |
| Longfellow Invest AS              | 2 427 534          | 1.4%          |
| Storlien Invest AS                | 2 427 533          | 1.4%          |
| Other                             | 65 461 466         | 38.4%         |
| <b>Total shares</b>               | <b>170 605 637</b> | <b>100.0%</b> |

The company has one class of shares and all shares have equal voting rights.

## Shares owned by members of the board and management

| Shareholder  | Position                       | Shares            |
|--|--------------------------------|-------------------|
| Geir Førre (through Firda AS)                                | Chair                          | 24 949 613        |
| Aksel Lund Svindal (through A Management)                    | Board member                   | 1 088 133         |
| Liv Dyrnes   | Board member                   | 7 500             |
| Audhild Andersen Randa                                       | Board member                   | 15 000            |
| Tore Rismyhr   | Board member                   | 63 800            |
| Anlaug Underdal  | Board member                   | 42 800            |
| Øyvind Birkenes (privately and through Longfellow Invest AS) | CEO                            | 2 798 114         |
| Erik Lundby (through Calluna AS)                             | CFO                            | 146 811           |
| Erlend Bolle   | CTO                            | 4 819 722         |
| Koki Yoshioka  | COO                            | 4 166 650         |
| Lauren Pedersen (through Lato Invest AS)                     | CMO                            | 255 400           |
| Jonas Olsson   | VP R&D Hardware Products       | 31 800            |
| Alexander Sagen  | VP R&D Software Solutions      | 110 000           |
| Pål Berntsen (privately and through Dube AS)                 | VP & GM Airthings for Business | 518 200           |
| Torje Carlsson (through Carlsson Invest AS)                  | VP & GM Consumer Products      | 360 000           |
| <b>Total</b>   |                                | <b>39 373 543</b> |

## Note 9 - Equity

| Parent (NOK 1 000)                            | Share capital | Treasury shares | Share premium reserve | Other paid-in equity | Other Equity    | Total          |
|---|---------------|-----------------|-----------------------|----------------------|-----------------|----------------|
| Equity 1 January 2020                         | 568           | - 3             | 91 668                | 5 587                | 1 388           | 99 209         |
| Adjusted opening balance, share-based payment |               |                 |                       |                      | 285             | 285            |
| Sale of treasury shares                       |               | 3               |                       |                      | 1 732           | 1 735          |
| Capital increase, April                       | 56            |                 | 59 944                |                      |                 | 59 999         |
| Capital increase, July                        | 18            |                 | 27 736                |                      |                 | 27 754         |
| Capital increase, August                      | 21            |                 | 32 222                |                      |                 | 32 244         |
| Capital increase, fund issue                  | 663           |                 | - 663                 |                      |                 |                |
| Capital increase, October                     | 376           |                 | 499 994               |                      |                 | 500 370        |
| Capital increase, November                    | 3             |                 | 563                   |                      |                 | 566            |
| Share based payment                           |               |                 |                       | 4 325                |                 | 4 325          |
| Costs related to capital increase October     |               |                 |                       |                      | - 34 688        | - 34 688       |
| Stabilisation mechanism                       |               |                 |                       |                      | 9 591           | 9 591          |
| Result for the year                           |               |                 |                       |                      | - 30 126        | - 30 126       |
| <b>Equity 31 December 2020</b>                | <b>1 706</b>  |                 | <b>711 464</b>        | <b>9 912</b>         | <b>- 51 817</b> | <b>671 265</b> |

| Group (NOK 1 000)                             | Share capital | Treasury shares | Share premium reserve | Other paid-in equity | Other Equity    | Total          |
|---|---------------|-----------------|-----------------------|----------------------|-----------------|----------------|
| Equity 1 January 2020                         | 568           | - 3             | 91 668                | 5 587                | - 314           | 97 507         |
| Adjusted opening balance, share-based payment |               |                 |                       |                      | 285             | 285            |
| Sale of treasury shares                       |               | 3               |                       |                      | 1 732           | 1 735          |
| Capital increase, April                       | 56            |                 | 59 944                |                      |                 | 59 999         |
| Capital increase, July                        | 18            |                 | 27 736                |                      |                 | 27 754         |
| Capital increase, August                      | 21            |                 | 32 222                |                      |                 | 32 244         |
| Capital increase, fund issue                  | 663           |                 | - 663                 |                      |                 |                |
| Capital increase, October                     | 376           |                 | 499 994               |                      |                 | 500 370        |
| Capital increase, November                    | 3             |                 | 563                   |                      |                 | 566            |
| Share based payment                           |               |                 |                       | 4 325                |                 | 4 325          |
| Share based payment Airthings America INC     |               |                 |                       |                      | 363             | 363            |
| Costs related to capital increase October *   |               |                 |                       |                      | - 34 688        | - 34 688       |
| Stabilisation mechanism **                    |               |                 |                       |                      | 9 591           | 9 591          |
| Translation differences                       |               |                 |                       |                      | - 100           | - 100          |
| Result for the year                           |               |                 |                       |                      | - 40 126        | - 40 126       |
| <b>Equity 31 December 2020</b>                | <b>1 706</b>  |                 | <b>711 464</b>        | <b>9 912</b>         | <b>- 63 256</b> | <b>659 826</b> |

In comparable financial figures for 2019, reclassification has been made between Other paid-in Equity and Other Equity of NOK5.6m related to share based payment. The reclassification have been implemented in the opening balance per 1 January 2020.

\*On October 30, 2020, Airthings completed a private placement and subsequent listing on Merkur Market (now Euronext Growth). Shares outstanding prior to and after the transaction were 132 667 280 and 170 306 237, respectively, representing an increase of 28% or 37 037 037 shares. Price per share was NOK 13.5.

The private placement and public listing were a prerequisite for each other. While the split between existing shares and new shares was 72-28 per cent, the assignment related to the private placement and subsequent listing essentially applies to work conducted towards new shareholders. As a result, we have assumed a cost split of 80-20 per cent on new vs. existing shareholders, respectively. Net, 20% of total costs of NOK43.4m have thus been recognized as OPEX, while the remaining 80% have been recognized as equity.

Costs related to shares sold as part of the secondary component of the transaction are charged to the individual shareholders directly.

\*\*Proceeds from over-allotment in conjunction with the listing. The Company was not a direct party or participant in either the stabilization agreement or the option in any other way than accepting the event and agreeing on receiving a share of the proceeds related to any short-sale gain.



## Note 10 - Related parties

| Receivables on subsidiary Airthings America INC (NOK 1000)          | 2020   | 2019   |
|---|--------|--------|
| Long term loan to Airthings America INC                             | 23 278 | 6 834  |
| Transactions with subsidiary Airthings America INC (NOK 1000)       | 2020   | 2019   |
| Sale of goods to Airthings America INC                              | 34 398 | 17 031 |
| Purchase of services and cost allocation from Airthings America INC | 1 093  | 13 189 |
| Loan interest   | 587    | 296    |
| Transactions with shareholders (NOK 1000)                           | 2020   | 2019   |
| Fees invoiced from Rabakken Invest AS                               | 516    | 1 296  |
| Commissions and accrued cost invoiced from Rn222 INC                | 7 549  | 6 033  |
| Sale of goods to Rn222 INC  | 20 095 | 14 651 |
| Fees invoiced from Energy Control AS                                |        | 1 171  |
| Rent of premises invoiced from Energy Control AS                    | 118    |        |
| Sale of goods to Energy Control AS                                  | 79     | 116    |

## Note 11 - Investment in subsidiaries

Investments in subsidiaries are booked according to the cost method.

| Company (NOK 1 000)   | Location | Ownership/<br>voting rights | Equity per<br>1.1. | Annual net<br>profit/loss | Equity per<br>31.12. |
|-----------------------|----------|-----------------------------|--------------------|---------------------------|----------------------|
| Airthings America INC | USA      | 100 %                       | 349                | - 6 152                   | - 4 891              |
| Airtight AS           | Oslo     | 100 %                       | 2 621              | - 255                     | 5 788                |

| Book value of investment in balance sheet of Airthings ASA | Amount (NOK 1 000) |
|--|--------------------|
| Airthings America INC                                      | 655                |
| Airtight AS  | 45 002             |

## Note 12 - Revenue

| Parent (NOK 1 000)                         | 2020           | 2019           |
|--|----------------|----------------|
| Revenue from sale of goods (hardware)      | 201 673        | 139 240        |
| Revenue from services performed (software) | 2 288          | 186            |
| <b>Total</b>                               | <b>203 961</b> | <b>139 426</b> |

| Geographical distribution (NOK 1 000) | 2020           | 2019           |
|---------------------------------------|----------------|----------------|
| EMEA                                  | 49 167         | 32 196         |
| North America (USA and Canada)        | 154 793        | 107 230        |
| <b>Total</b>                          | <b>203 961</b> | <b>139 426</b> |

| Group (NOK 1 000)                             | 2020           | 2019           |
|---|----------------|----------------|
| Revenue from sale of goods (hardware)         | 207 898        | 137 255        |
| Revenue from services performed (software)    | 2 288          | 186            |
| Other revenue (calibration, rentals, service) | 4 307          | 2 032          |
| <b>Total</b>                                  | <b>214 494</b> | <b>139 472</b> |

| Geographical distribution (NOK 1 000) | 2020           | 2019           |
|---------------------------------------|----------------|----------------|
| EMEA                                  | 49 318         | 32 196         |
| North America (USA and Canada)        | 165 176        | 107 276        |
| <b>Total</b>                          | <b>214 494</b> | <b>139 472</b> |

## Note 13 - Grants

### Parent company

The parent company has in 2020 received funding from Innovation Norway in addition to tax refunds (SkatteFUNN) which both are classified as operating grants. Operating grants are accounted for at the same time as the costs they are intended to cover. Tax refunds are accounted for as a cost reduction. The grant from Innovation Norway is presented as other revenue. The Skattefunn grant is presented as a short term receivable of NOK4.75m in the balance sheet and as a reduction of R&D cost, respectively as reduced employee cost and other operating cost.

| Grants reported as other revenue (NOK 1 000) | 2020         | 2019         |
|--|--------------|--------------|
| The Norwegian Research Council               |              | 1 309        |
| Innovation Norway                            | 1 160        | 3 500        |
| <b>Sum</b>                                   | <b>1 160</b> | <b>4 809</b> |

### Subsidiaries

Airtight was in 2018 granted EUR1.72m through EU's Horizon 2020 program. The grant was 70% investment funding of a total project cost of EUR2.45m for the period August 1, 2018 to July 31, 2020. The grant was later extended with 1 year to July 31, 2021. The grant is reported net, which entails that 70% of the cost is netted against the funding directly. Airtight's own contribution to the project in 2020 - 30% - is reported as an R&D asset with NOK1.47m per December 31, 2020. Per year end 2020 the net receivable of the grant was EUR0.26m (NOK1.95m) and is reported as a short term receivable in the balance sheet. Deferred grant is reported as a short term debt with NOK0.59m.

## Note 14 - Leasing - Operating leases

### Parent

| Lease object (NOK 1 000)  | Expiration of agreement | Annual lease |
|---------------------------|-------------------------|--------------|
| Office space in Oslo      | 31.05.2027              | 4 760        |
| Office space in Bergen    | 31.12.2021              | 118          |
| Office space in Stockholm |                         | 87           |
| Lease of office equipment | 30.11.2022              | 8            |
| <b>Total</b>              |                         | <b>4 973</b> |

### Group

| Lease object (NOK 1 000)          | Expiration of agreement | Annual lease |
|-----------------------------------|-------------------------|--------------|
| Office space in Chicago           | 31.08.2021              | 149          |
| Office space in Florida           | 31.08.2021              | 77           |
| Commercial space in Massachusetts | 30.06.2023              | 89           |
| <b>Total</b>                      |                         | <b>314</b>   |

## Note 15 - Debtors, liabilities, pledged assets and guarantees etc.

| Debtors which fall due later than one year after the expiry of the financial year (NOK 1 000) | Parent        |            | Group         |            |
|---|---------------|------------|---------------|------------|
|   | 2020          | 2019       | 2020          | 2019       |
| Inter company loans   | 23 278        | 6 834      |               |            |
| Employers tax provisions related to share based compensation                                  | 12 304        |            | 12 304        |            |
| Other receivables to employees  | 27            | 180        | 27            | 180        |
| Other costs accrued longer than one year  | 383           | 146        | 673           | 172        |
| <b>Total</b>  | <b>12 713</b> | <b>327</b> | <b>13 004</b> | <b>353</b> |

| Long-term debt and debt secured by collateral (NOK 1 000) | 2020   | 2019   | 2020   | 2019   |
|---|--------|--------|--------|--------|
| Long-term debt with more than five year maturity          |        | 9 000  |        | 9 000  |
| Long-term debt secured by collateral                      |        | 17 889 |        | 17 889 |
| Short-term debt secured by collateral                     | 16 222 |        | 16 222 |        |
| Short-term debt secured by collateral                     | 12 304 |        | 12 304 |        |

| Book value of pledged assets (NOK 1 000)            | 2020          | 2019          |
|---|---------------|---------------|
| Equipment, fixtures and fittings and other movables | 4 077         | 1 915         |
| Inventories   | 37 707        | 27 835        |
| Accounts receivables                                | 56 150        | 38 806        |
| <b>Total</b>  | <b>97 934</b> | <b>68 556</b> |

| Pledged amount (NOK 1 000)     | Parent        |               |
|--------------------------------|---------------|---------------|
|                                | 2020          | 2019          |
| Pledge on inventories          | 19 000        | 19 000        |
| Pledge on operating assets     | 19 000        | 19 000        |
| Pledge on accounts receivables | 19 000        | 19 000        |
| <b>Total</b>                   | <b>57 000</b> | <b>57 000</b> |

## Note 16 - Intangible assets

| Parent (NOK 1 000)             | Software and systems | Total        |
|--------------------------------|----------------------|--------------|
| Acquisition cost 01.01         | 3 672                | 3 672        |
| Additions                      | 2 528                | 2 528        |
| Disposals                      |                      |              |
| <b>Acquisition cost 31.12</b>  | <b>6 200</b>         | <b>6 200</b> |
| Accumulated depreciation 31.12 | - 1 016              | - 1 016      |
| <b>Book value 31.12</b>        | <b>5 183</b>         | <b>5 183</b> |
| Depreciation 2020              | 1 016                | 1 016        |
| Depreciation method            | Linear               |              |
| Economic useful life           | 5 years              |              |

The additions are related to a new app for the Pro segment. Pro was established as a stand-alone business unit in 2Q 2019. The production of the new app has generated costs in second half of 2019 and throughout entire 2020. The work was conducted by an external consultancy. The app was completed in 2020, and depreciation started as a result in 2020. Expected future profit from the project surpasses total recognized expenses on the balance sheet.



| Group (NOK 1 000)              | Software and systems | Research and development | Goodwill | Total   |
|--------------------------------|----------------------|--------------------------|----------|---------|
| Acquisition cost 01.01         | 3 672                |                          |          | 3 672   |
| Additions                      | 2 528                | 1 469                    | 39 029   | 43 025  |
| Disposals                      |                      |                          |          |         |
| <b>Acquisition cost 31.12</b>  | 6 200                | 1 469                    | 39 029   | 46 697  |
| Accumulated depreciation 31.12 | - 1 016              |                          | - 2 602  | - 3 618 |
| <b>Book value 31.12</b>        | 5 183                | 1 469                    | 36 427   | 43 079  |
| Depreciation 2020              | 1 016                |                          | 2 602    | 3 618   |
| Depreciation method            | Linear               | Linear                   | Linear   |         |
| Economic useful life           | 5 years              | 5 years                  | 5 years  |         |

Goodwill comes from the acquisition of Airtight AS, and further consolidation of the company into Airthings group, with control date August 31, 2020 after the acquisition cost was assigned to the identifiable assets. Goodwill is a residual and represents an expectation on future earnings, and is depreciated over five years.

In 2020, the parent company expensed NOK46.8m on R&D, net NOK42.1m after cost reduction of NOK4.8m due to SkatteFUNN. In 2019, total R&D expense amounted to NOK34.1m, net NOK29.1m after SkatteFUNN of NOK5.0m.

## Note 17 - Specification of financial expenses

| Financial expenses (NOK 1 000)        | Parent   |         | Group    |         |
|---------------------------------------|----------|---------|----------|---------|
|                                       | 2020     | 2019    | 2020     | 2019    |
| Loss on foreign exchange              | 19 949   | 4 303   | 19 949   | 4 303   |
| Profit on foreign exchange            | - 16 042 | - 4 019 | - 16 037 | - 4 125 |
| <b>Total financial expenses (net)</b> | 3 907    | 283     | 3 911    | 178     |

## Note 18 - Provisions and other short-term debt

| Financial expenses (NOK 1 000)       | Parent        |               | Group         |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2020          | 2019          | 2020          | 2019          |
| Loan Innovation Norway               | 9 000         |               | 9 000         |               |
| Wages and holiday pay (included tax) | 10 854        | 7 736         | 11 916        | 7 186         |
| Other provisions                     | 982           | 3 982         | 1 741         | 4 078         |
| Accrued revenue                      | 3 601         | 639           | 4 978         | 1 546         |
| <b>Total</b>                         | <b>24 437</b> | <b>12 357</b> | <b>27 634</b> | <b>12 810</b> |

## Note 19 - Business Combinations

### Business combinations in 2020

On August 21, 2020, Airthings acquired 100% of the shares in the Norwegian proptech company Airtight AS for a total consideration of NOK45m. Net, the settlement was made through 72% and 28% shares in Airthings ASA and cash respectively. Below is the detailed settlement split.

| Considerations (NOK 1 000)       |               |
|----------------------------------|---------------|
| Cash                             | 12 758        |
| Shares in Airthings ASA          | 32 244        |
| <b>Consideration transferred</b> | <b>45 002</b> |

As the majority of the acquired value lies in intangible assets, Goodwill makes up the main part of the transferred value. The following tables summarise the consideration transferred and the amounts for assets and liabilities recognized after the business combinations.

| Amounts for assets and liabilities recognized (NOK 1 000) |               |
|---|---------------|
| Projectcost accrued in 2020                               | 4 507         |
| Property, plant and equipment                             | 285           |
| Other current assets                                      | 3 106         |
| Current liabilities                                       | 1 925         |
| Total identifiable net assets                             | 5 973         |
| Goodwill  | 39 029        |
| <b>Total</b>  | <b>45 002</b> |

Amount allocated as goodwill is based on a preliminary PPA. Full PPA is expected to be completed by end of 2Q, 2021. Group revenue with full-year of Airtight included is NOK146.0m and NOK215.8m for 2019 and 2020, respectively.

Airtight AS was consolidated into the Group at the time of control, which was 21 August 2020. The investment was booked according to the cost method.

Airtight has developed a patented technology to reduce energy waste from commercial buildings. In addition, the system significantly improves indoor comfort through eliminating the draft, resulting in more stable indoor temperatures. Airtight received in 2018 a grant from EU in the Horizon 2020 program which is extended to July 2021. The technology has been through a pilot phase and the company had its first paying customer in March 2020. The Airtight solution is well on its way to being fully integrated into the Airthings ecosystem and the first Airthings customer contract with the Airtight system was signed in Q4 2020.

## **Note 20 - Financial Market Risk**

Risk management is a continuous process and an integrated part of the business. When operating across multiple markets, Airthings is exposed to a range of risks that may affect its business. Some key risk areas are discussed below.

### **Interest rate**

Airthings borrowing were linked to NIBOR and as a result, the company was exposed to interest rate fluctuations. As all borrowings were repaid in January 2021, the company does no longer have any interest risk.

### **Liquidity**

Management of liquidity risk is accorded high priority. Due to the private placement completed in 4Q20, the company has significant liquid assets and as such the liquidity risk is deemed to be low.

### **Credit**

Airthings has close connection with its customers and as such the Group has low losses on receivables. However, the increased operations of the Company outside the US and home market exposes Airthings to different credit risk environments. The Board of Directors deems credit risk to be at an acceptable level.

### **Foreign currency**

The company is exposed to currency fluctuations due to the international nature of its operations. Most of the revenue and cost of goods sold are in the same currency, limiting the exposure. Currently, there is no currency hedging.

## **Note 21 - Subsequent events**

Referring to Note 13, Airtight AS filed an amendment in March 2021 to change lead beneficiary from Airtight AS to Airthings ASA. This is done in order to secure project finalization.

On March 11, 2021, Airthings released a new product - View Plus - to the market. Pre-orders started the same day and first shipments are expected in June 2021.

## **Note 22 - 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.

## **Note 23 - Impact of Covid-19**

Early 2020, the global pandemic situation arose from the outbreak of the SARS-CoV-2 virus (Covid-19). This pandemic situation represents a challenge to the global economy with no historic precedent and has thus created a significant uncertainty on future economic outlook globally. At the date of this report, all Airthings employees are safe and remain productive. Airthings has taken measures to protect employees and support the ongoing efforts to contain the Covid-19 pandemic in line with local and global health authorities, and the transition to remote work has so far been seamless for our employees, customers, and business partners. In terms of business impact, Airthings has so far seen limited impact as the consumer demand for our products have in some cases increased due to elevated air quality awareness, while in other instances Covid-19 has slowed retail store roll-out and limited access to buildings for our B2B segment. Going forward, the long-term impact will depend on the overall development of the pandemic itself and the public measures taken to contain the spread of the virus, which in some scenarios could impact Airthings through lower growth rates, increasing credit risk and challenges in recruiting and onboarding new staff. The board continues to monitor the situation carefully to ensure appropriate actions are taken as the situation continues to unfold during 2021.





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## Independent Auditor's Report

To the General Meeting in Airthings ASA

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Airthings ASA.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2020, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Airthings ASA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group Airthings ASA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

## Report on Other Legal and Regulatory Requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

#### Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements



(ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 24 March 2021

BDO AS

A handwritten signature in blue ink, appearing to read 'Børre Skisland'.

Børre Skisland

State Authorised Public Accountant







**AIRTHINGS**

**Breathe better. Live better.**