Airthings
Capital Market Update 2023

Welcome to Airthings CMU

Geir Førre, Chairman

Introduction and Overview

"Path to profitability"

Oyvind Birkenes, CEO

Airthings

Leaders in the Invisible

Rooted in our beginnings as an innovator in the realm of radon monitoring, Airthings provides a suite of elegant indoor air quality (IAQ) monitors complemented with powerful software solutions. For both consumers and businesses.

We enable people to be aware of the air they are bringing into their bodies, the impact it has, and to take action to improve it. The clarity of information we provide is pushing the industry forward.

CAGR, 2015-2023*

43%

ARR, 3Q2023

4.1 MUSD

*LTM through 3Q2023

The problem

Two critical issues Airthings is addressing

1 – Health ....

The air we breathe has a huge impact on our health, but we don't know what's in it

We take **28,000** breathes a day

We **spend 90%** of our time indoors, where the air is up to **5 times worse** than outside

Radon is the leading cause for lung cancer among those that do not smoke

2 – Energy ....

Massive amounts of energy are consumed regulating indoor climate, but it is done largely "in the blind"

40% of global energy consumption comes from commercial buildings

>20% of ongoing energy consumption can be saved by optimizing HVAC (heating, ventilation and air conditioning)

80% of today's buildings will still exist in 2050
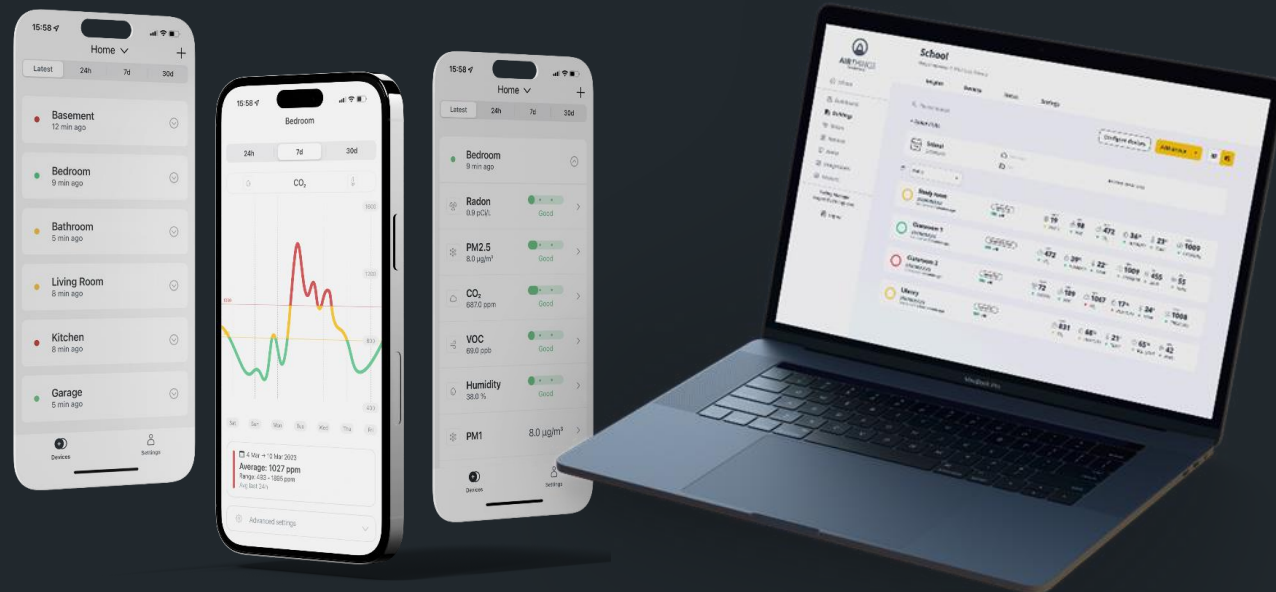
Early mover pursuing a massive market opportunity

376M
residential homes in
EU and North America

130M
offices
in EU and North America

9M
classrooms
in EU and North America

Airthings for Consumer

Airthings for Business

Airthings is uniquely positioned to capitalize on this market opportunity

Strong brand delivering an unparalleled value proposition

**Credible and trusted brand
with holistic product offering**

**Enabling us to meet the "top of mind"
and subconscious needs of two key segments**
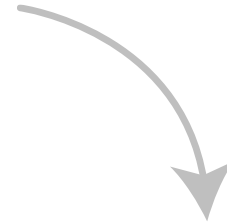
Broad external validation

**Accessibility,
convenience,
and ease of use**
required of
a regular consumer

+

**The reliability,
security, and
technical specs**
demanded of
a business

Home

Office / School

CERN — Founded at CERN

American Lung Association. — Partner for other thought leaders

ISO — ISO 27001 certified enterprise security

ecovadis 2023 — Ecovadis Gold sustainability rating

Significant and lasting tailwinds supporting our long-term journey
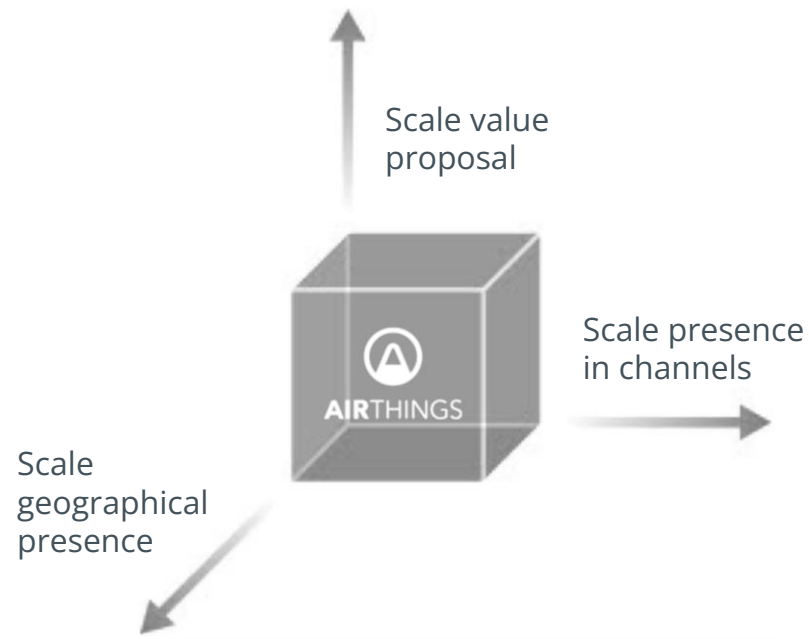
Including megatrends and regulatory momentum

- Health tech
- Smart home
- Sustainability
- Energy efficiency
- Regulations

2022 demonstrated that we needed to rethink the strategy presented at the 2021 CMU

At the Capital Markets Update in 2021 we presented this picture

Scale value proposal

Scale presence in channels

Scale geographical presence

However, 2022 results demonstrated that we needed to rethink our approach

	2020	2021	2022
Revenue growth (YoY)	28%	61%	5%
EBITDA %	-26%	-24%	-33%
Inventories[1]	$4.7M	$11.4M	$18.7M
Days of Inventories[2]	226	320	472

1. Per December 31st of given year. 2. Calculated as December 31st value of Inventories divided by COGS for the year and multiplied by 365

The result of this work was an updated strategy and focus we call "Airthings 3.0"

1.0
AIRTHINGS
2008-2015

2.0
AIRTHINGS
2015-2022

3.0
AIRTHINGS
2023+

About

- Radon only
- Consumer only
- Hardware only with unconnected device

- Started delivering added value via software with IOT platform including cloud and apps
- Expansion into broader Indoor Air Quality (IAQ) category
- Launch of Airthings for Business

- Disciplined go-to-market approach
- Focus on unit economics and customer lifetime value
- Continuing to improve on software offering

Focus

Established first business

Hyper growth

Scalable growth and profitability

Three core elements of Airthings 3.0

Go-to-market approach

Focused and disciplined, with an emphasis on owning the customer relationship

Product focus

Emphasis on enhancing the value proposition of our solutions via our software offering

Operating model

Developing an automated, optimized, and scalable setup, with focus on driving down variable costs

We have a capable team already delivering on this strategy

Øyvind Birkenes
CEO

TEXAS INSTRUMENTS

Chipcon   NERA

Jeremy Gerst
CFO

reMarkable
BCG BOSTON CONSULTING GROUP

Federal Reserve Bank of San Francisco

Audhild Randa
COO

CIRCLE K

McKinsey & Company

Mirka "Millie" Paakkola
CMO

Google

SAMSUNG

Anders Follerås
SVP - Airthings for Consumer

Flol:l:
alpina

Anita Øverbekk
VP People & Organization

] pexip [
THOMSON REUTERS

Chloe Waller
VP Sales – AfB, North America

IDEMIA
TEXAS INSTRUMENTS

Nariman Fakhraee
VP Sales – AfB, EMEA

Schneider Electric

- Great company culture

- 125 employees from >35 nationalities

- >60% with Masters degree or higher

- Several domain experts, particle physicists, and PhDs

- ~35% working in research and development

Today's presentations will focus on these three elements

And how, through them, we will improve along the dimensions of "# of customers" and "Customer Lifetime Value (LTV)"

	Go-to-market	Product focus	Operating model
Marketing	●		
Airthings for Consumer	●	●	
Airthings for Business	●	●	
Operations			●
Finance	▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬		

# of customers

Go-to-market

Product focus

Operating model

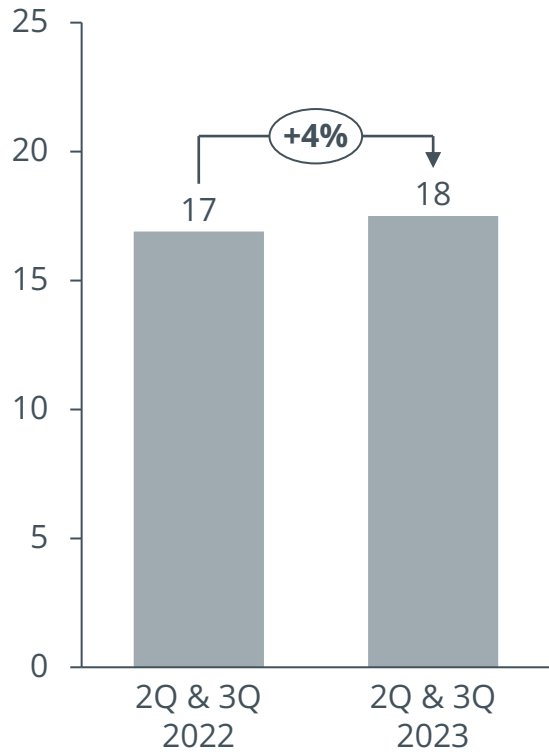Future Airthings

Airthings today

Customer LTV[1]
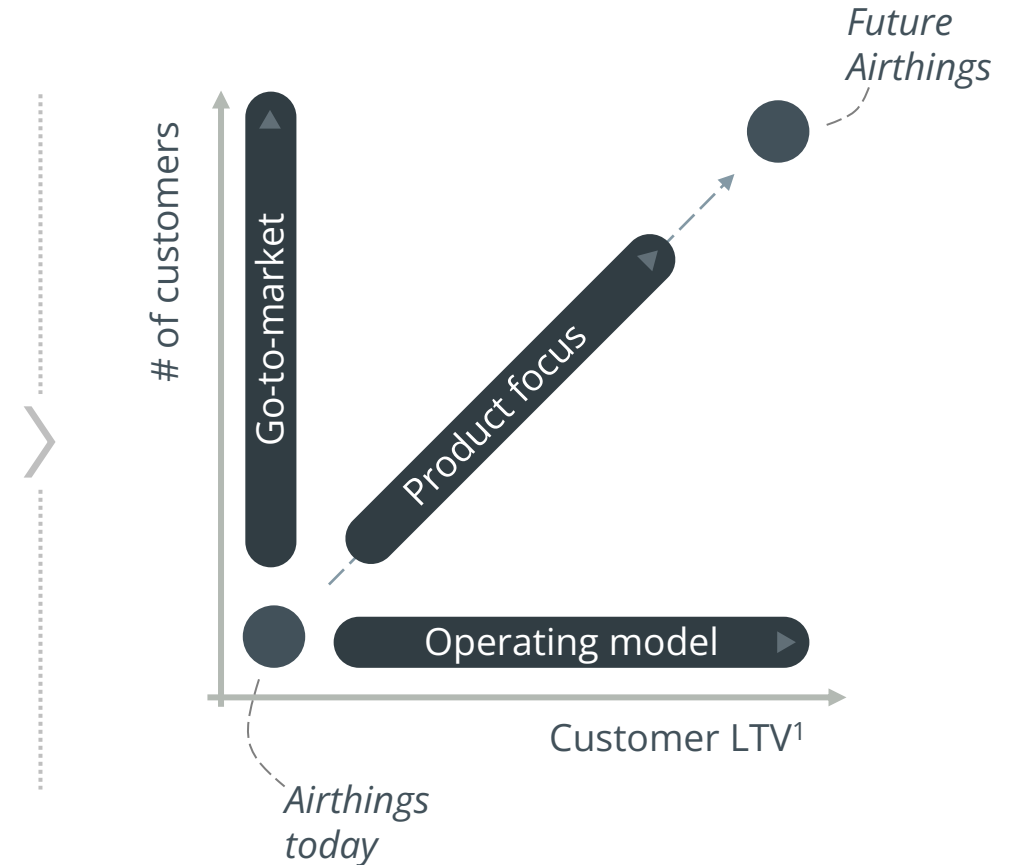
1. Revenues less all applicable variable costs

Final reflection – only beginning to implement Airthings 3.0 but already seeing early results

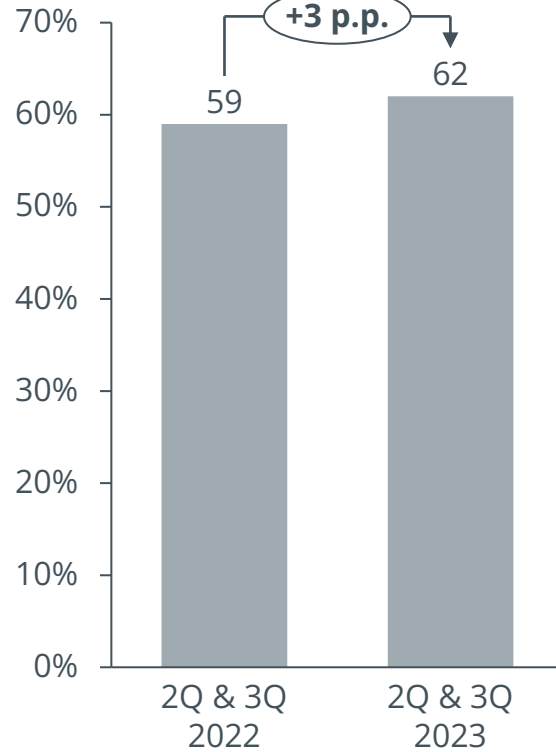Growing revenue and expanding GPM, while keeping OPEX under control
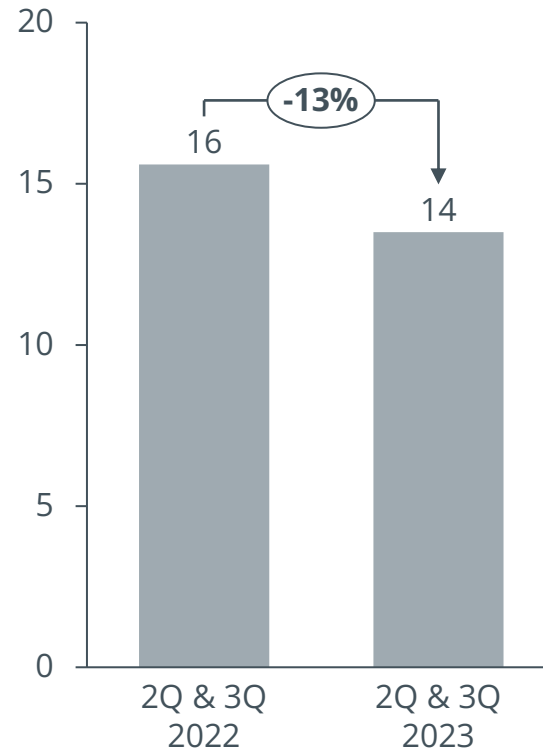
No sacrifice to revenue	Improved GPM	Reduced OPEX	Closer to profitability

Revenues, USD millions

Gross profit margin, %

OPEX, USD millions

EBITDA, USD millions

No sacrifice to revenue (Revenues, USD millions): 2Q & 3Q 2022 = 17; 2Q & 3Q 2023 = 18; +4%

Improved GPM (Gross profit margin, %): 2Q & 3Q 2022 = 59; 2Q & 3Q 2023 = 62; +3 p.p.
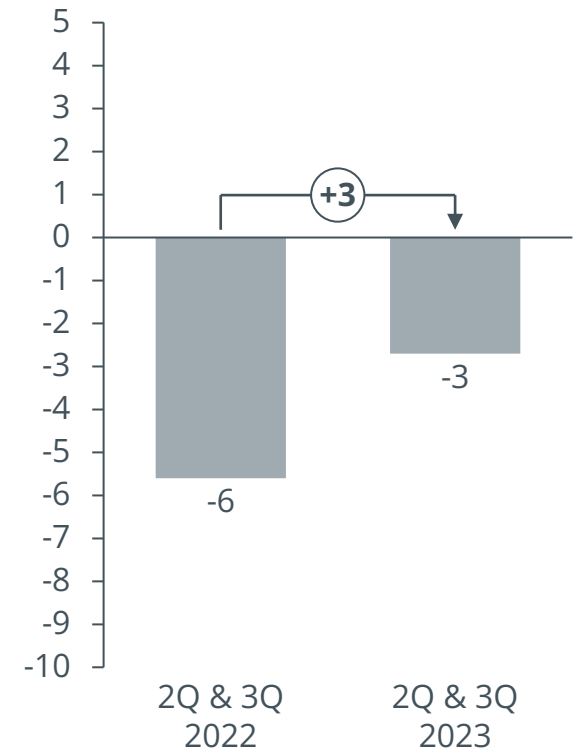
Reduced OPEX (OPEX, USD millions): 2Q & 3Q 2022 = 16; 2Q & 3Q 2023 = 14; -13%

Closer to profitability (EBITDA, USD millions): 2Q & 3Q 2022 = -6; 2Q & 3Q 2023 = -3; +3

Marketing

"Strengthening demand generation"
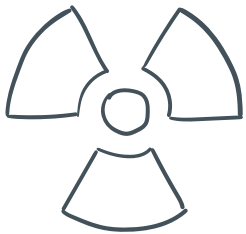
Millie Paakkola, CMO

Looking back

Marketing in Airthings has historically been somewhat tech focused and on building general awareness of indoor air quality (IAQ)

Where we started	The results

"Check your air and protect your family from fine particle pollutants, mold, VOCs and radon gas"

"Understanding Contaminants, and Why Your Air Quality Matters"

1 Built overall category awareness

2 Established Airthings as a thought leader and our products as "go to" reference for reviews

3 Secured robust third-party validation

Radon causes about 21,000 deaths every year in the USA alone.

Radon causes 22x more deaths than house fires and carbon monoxide combined.

WIRED

bob vila

TechHive

ADWEEK

American Lung Association.

FORTUNE
25 TOP RECOMMENDED PRODUCTS FOR YOUR HEALTH AND WELLNESS
2023

AMERICA'S BEST HOME & GARDEN BRANDS 2022
Newsweek
statista

Going forward – opportunity to focus more on demand generation and setting Airthings apart

As recent entries into the IAQ market helps to confirm the relevance of the product category and generate overall category awareness

Recent entries into IAQ confirming product category and generating overall category awareness

Representing an opportunity for us to step up demand generating activities

IKEA

amazon

Honeywell

SIEMENS

1 Incorporate emotional and aspirational appeal

2 Convey Airthings's premium value proposition

3 Tailor messaging to key target segments

Marketing in "Airthings 3.0"

Four critical Marketing initiatives to support our Go-to-market efforts
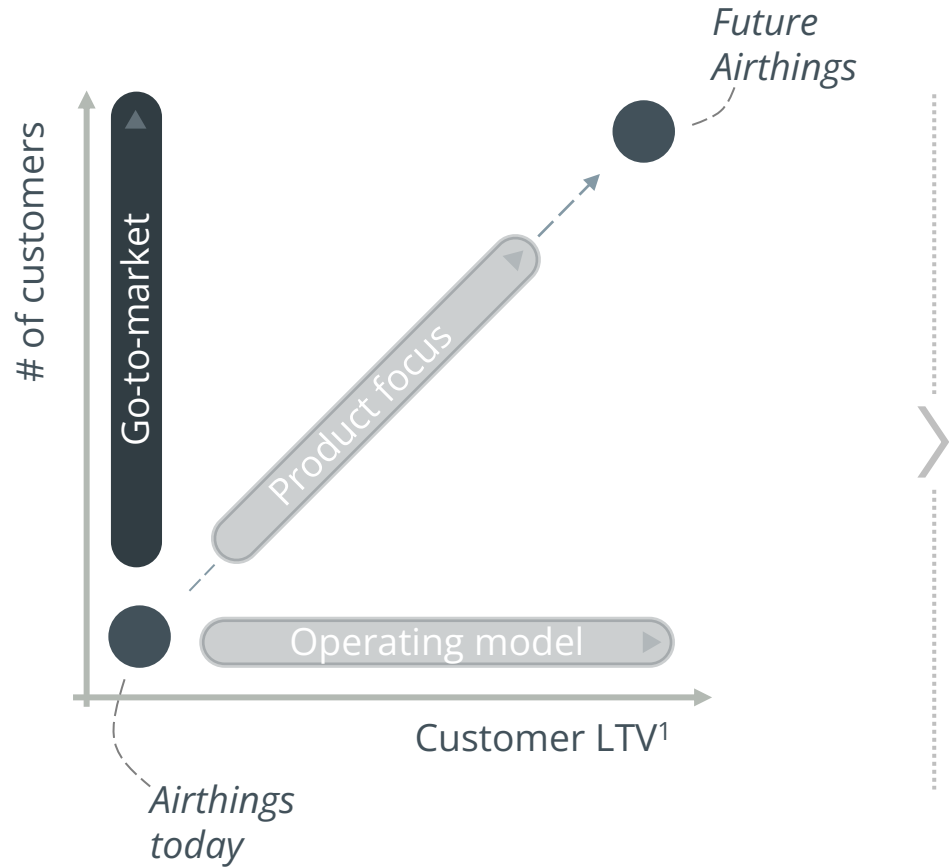
Top priority initiatives to support Go-to-market efforts

A — Elevate how we communicate our brand under the umbrella of "Leaders in the Invisible"

B — Reinforce our premium value proposition through our physical assets (i.e. packaging)

C — Streamline, enhance, and improve our performance marketing

D — Focus our PR and awareness building activities

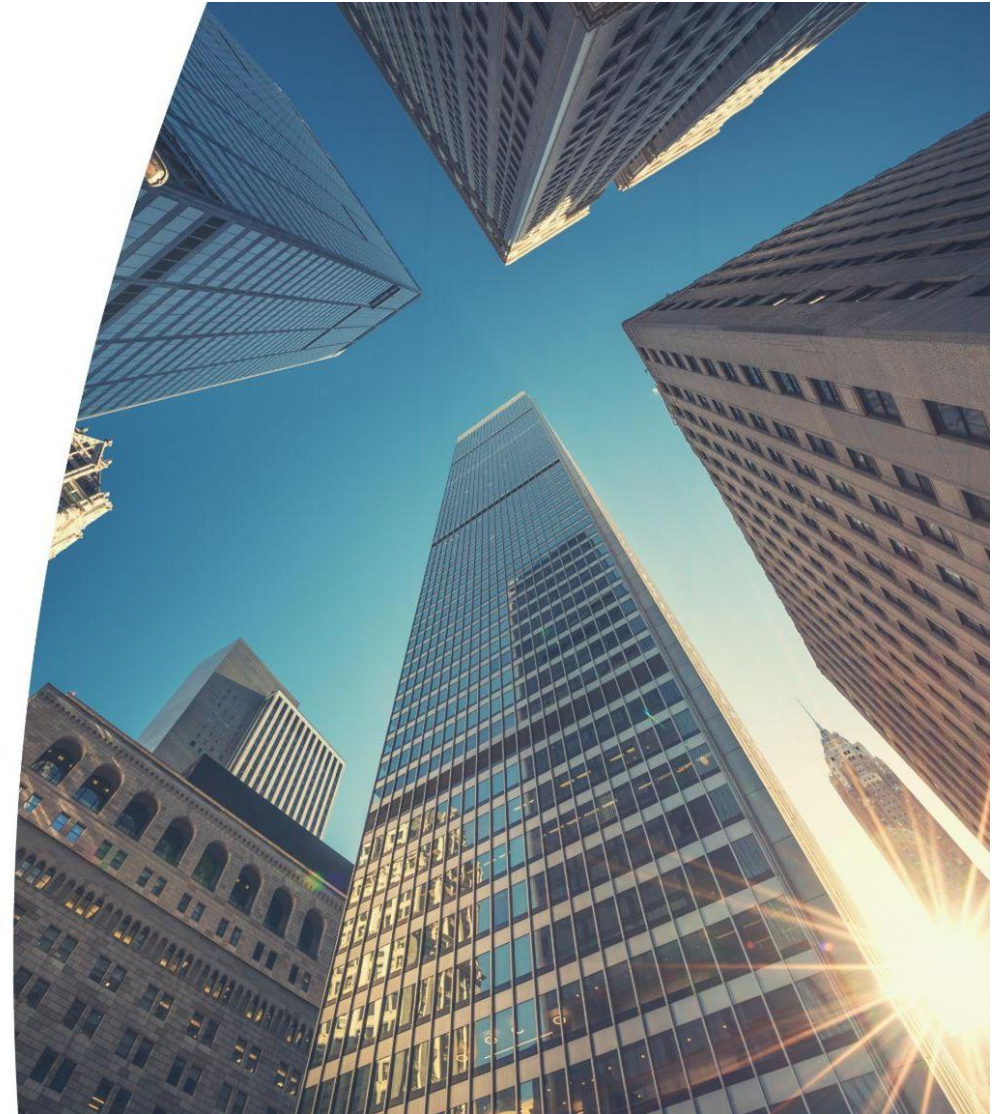1. Revenues less all applicable variable costs

AIRTHINGS

MAKING THE INVISIBLE, VISIBLE WITH AIRTHINGS.

An air of clarity.

What we mean by "Leaders in the Invisible" (I/II)

For us, the invisible is an opportunity.

As the global leaders in indoor air quality, we're on a mission to transform the world – changing our relationship with the air we breathe for the better.

What we mean by "Leaders in the Invisible" (II/II)

More than information – it's about action

For something so abundant, air can feel inaccessible – but we're breathing new life into an industry weighed down by complex technology and lengthy jargon.

Because at Airthings, our approach is personal.

One brand – two tailored approaches to support our business units

"Leaders in the Invisible"

- Provide innovation and transparency to the invisible to change our relationship to the air we breathe
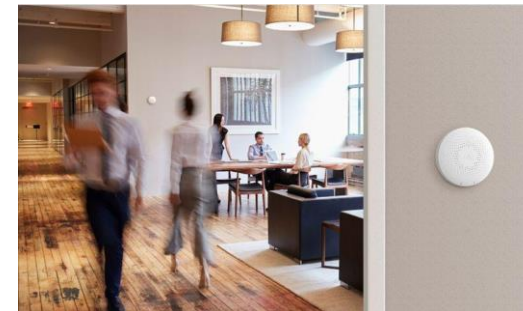- Enable people to feel a sense of clarity and control

Airthings for Consumer

"Your air coach"

- Supporting a happier, healthier lifestyle from the inside, out
- Understanding needs, tailoring reporting, and providing advice

Airthings for Business

"Breathing life into buildings"

- Products that are specifically designed to promote wellness and energy savings
- Actionable insights and practical solutions

Elevating packaging to match the premium value proposition of our products

Examples of new product packaging
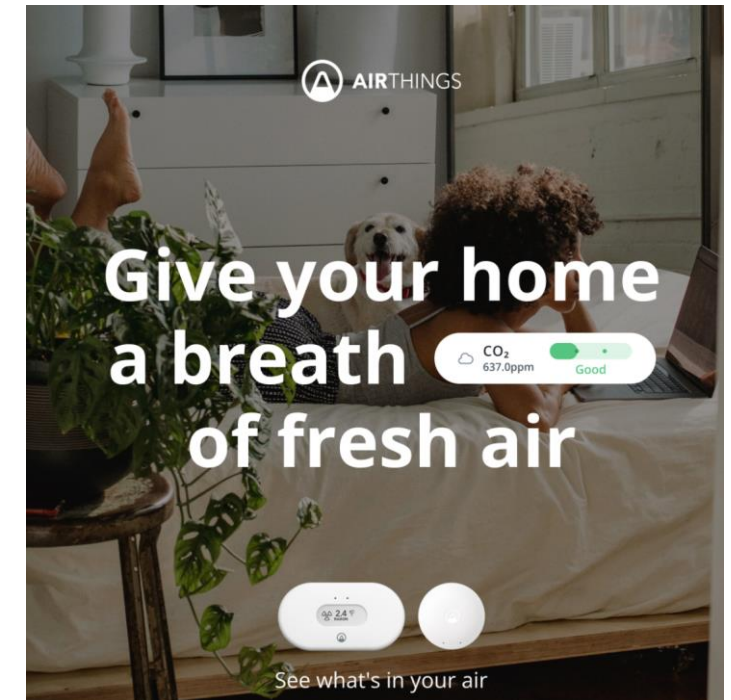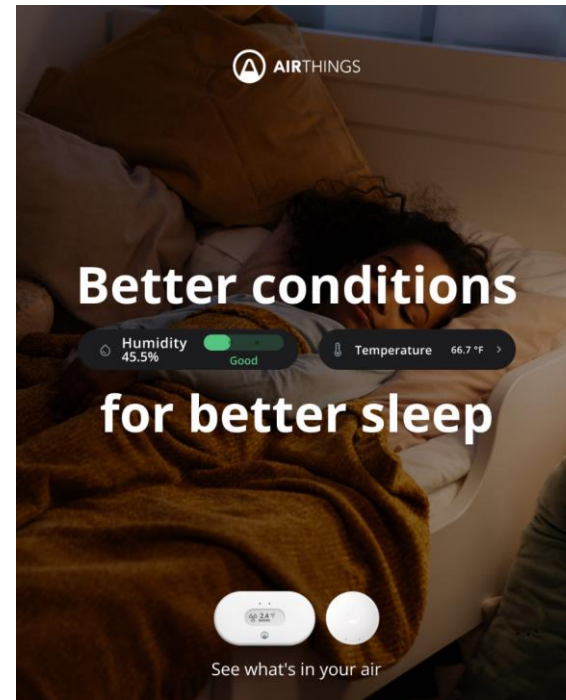
Comments

- Complete revamp of packaging for our flagship Consumer products

- Bringing clarity and simplifying choice for consumer

- Implicitly reinforcing importance of multiroom monitoring

- Ensuring a premium look and feel throughout the customer journey

- Supporting emotional and aspirational lifestyle appeal

Performance marketing efforts geared toward supporting demand generation focus

How we are refocusing our performance marketing

Examples of new creatives being rolled out

- Focusing on two main channels – Meta and Google – where we have seen historical success

- Be more tactical in the US, and focus on states where we see the best traction

- Ensure our creative approach is benefit-led and appealing for well-being minded audiences

- Expand target audiences from primarily male "techies" to new segments like women and families

- Target geographical locations with strong overlap of online and in-store presence to maximize overall effect on demand

- Shift focus from awareness building to driving conversion and growth on airthings.com while continuously optimizing spend

Focusing and strengthening our approach to PR & awareness

Historical approach to PR & awareness	Approach going forward

1

- Activities generically related to indoor air quality and not aligned to real-time events

- Leverage opportunities and real-time events to be the thought leader when indoor air quality comes top of mind
  - Examples: Wildfires and gas stoves

2

- Global outreach with time and money spent de-facto on low-performing geographies (in terms of sales)

- Relevant and local messaging focused on the most pressing regional indoor air quality issues
  - Examples: California & PM, Colorado & Radon, etc.

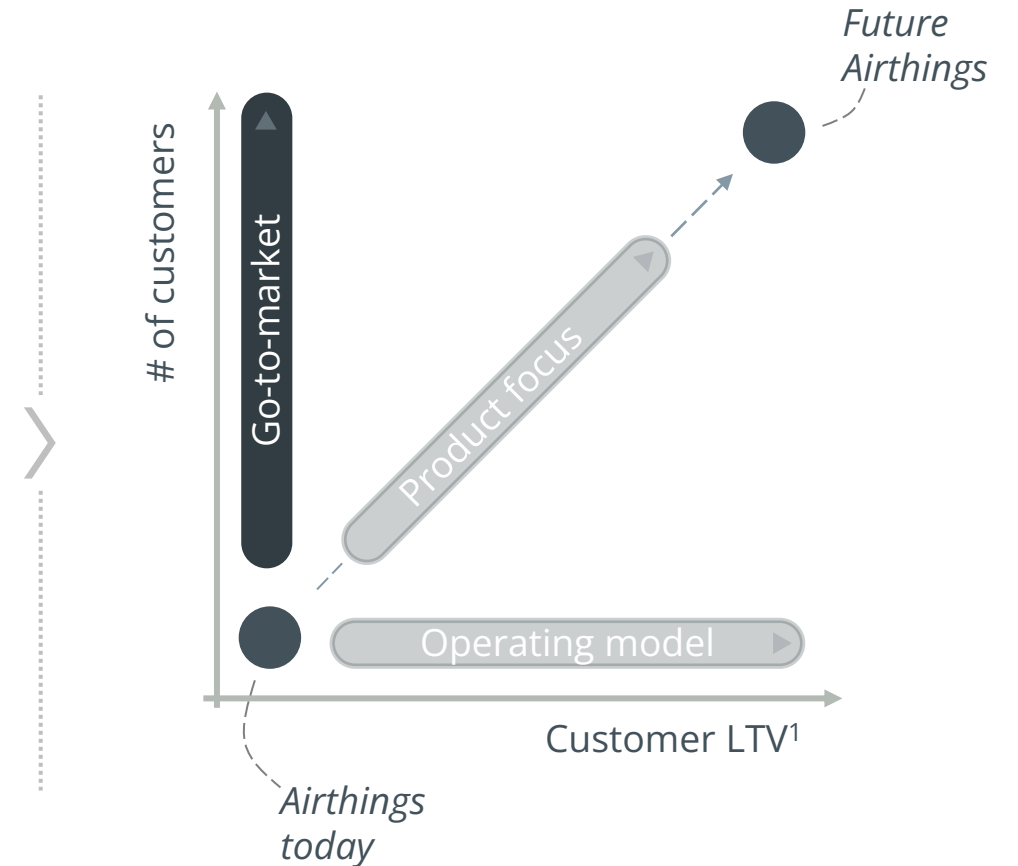**3**

- SOME focused on self-generated content

- Making user-generated content front and center

Concluding thoughts

Marketing is focused on supporting the Go-to-market efforts in our business units and increasing our overall # of customers

Marketing's focus – what we are doing in short:

1 Leveraging "Leaders in the Invisible", "Your Air Coach", and "Breathing life into buildings" to enhance our brand messaging as well as our emotional and aspirational appeal

2 Communicating our premium value proposition throughout every step of the customer journey

3 Tailoring our messaging and enhancing our relevance through improved performance marketing and focused PR & awareness building activities

# of customers

Go-to-market

Product focus

Operating model

Customer LTV[1]

Future Airthings

Airthings today

1. Revenues less all applicable variable costs

Airthings for Consumer

"Channel discipline and multiroom monitoring"

Anders Follerås, SVP Airthings for Consumer

Airthings for Consumer has historically been fast-growing

With a holistic product experience to address customer needs

Strong historic growth	Products & solutions solving real issues	Strong brand and happy customers
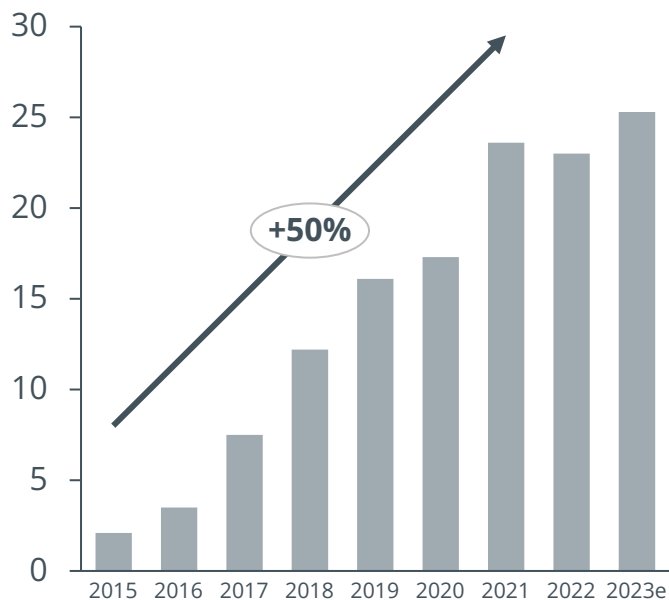
Revenues, USD millions

+50%

Addressing the North America and European markets via three primary channels

Providing resiliency in terms of both geography and distribution

Broad geographical coverage

Three primary channels

1 **Amazon**

amazon.com

2 **Retail**

THE HOME DEPOT · BEST BUY · CANADIAN TIRE · ELKJOP · Clas Ohlson

3 **Airthings.com**

AIRTHINGS

Customer segments evolving as market matures

Recent entries into IAQ category confirm we are at the "Expand" stage of category maturity
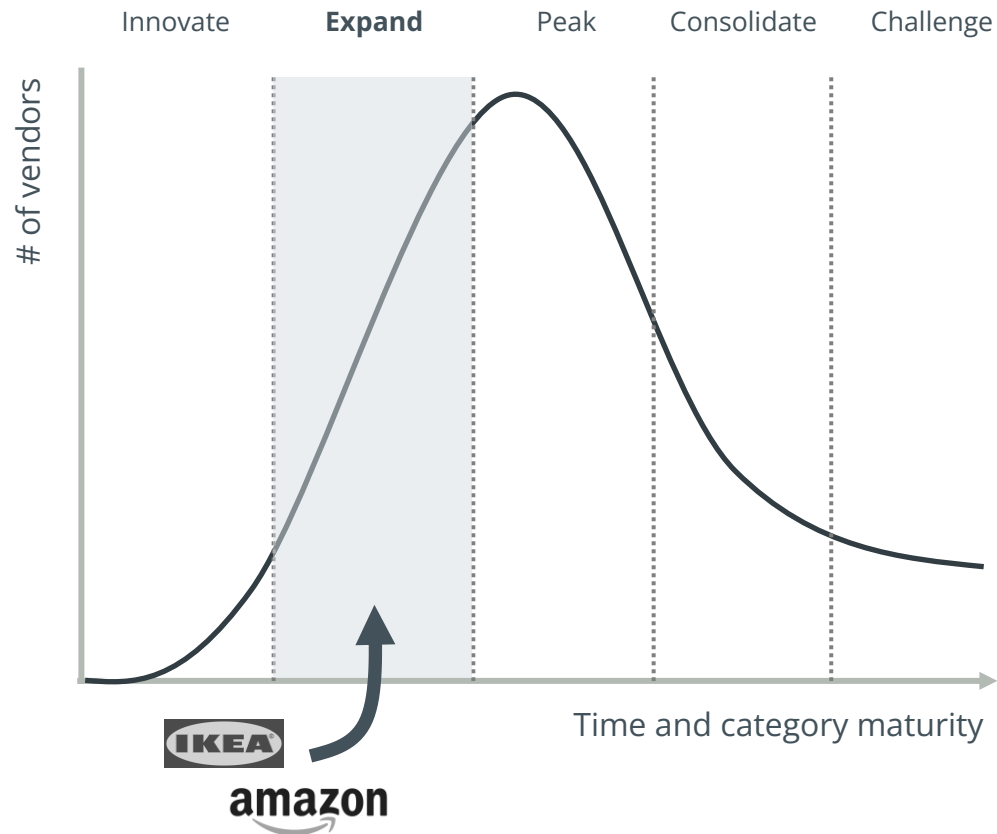
Presenting strong growth opportunities

Innovate   **Expand**   Peak   Consolidate   Challenge

# of vendors

Time and category maturity

IKEA

amazon

- **Broaden our appeal to additional key customer segments, including:**

  - Families

  - Women

  - Health-interested

- **Focus more of our marketing content on demand generating activities, including:**

  - Communicating our premium value-proposition and differentiating ourselves

  - Aspirational and lifestyle appeals

Airthings for Consumer in "Airthings 3.0"

Initiatives focused on both on our Go-to-market and Product Focus

Go-to-market
How learnings taken from 2022 are changing our go-to-market approach going forward

Product focus
How our product roadmap will support both the acquisition of new customers but also with a heightened focus on increasing customer Lifetime Value
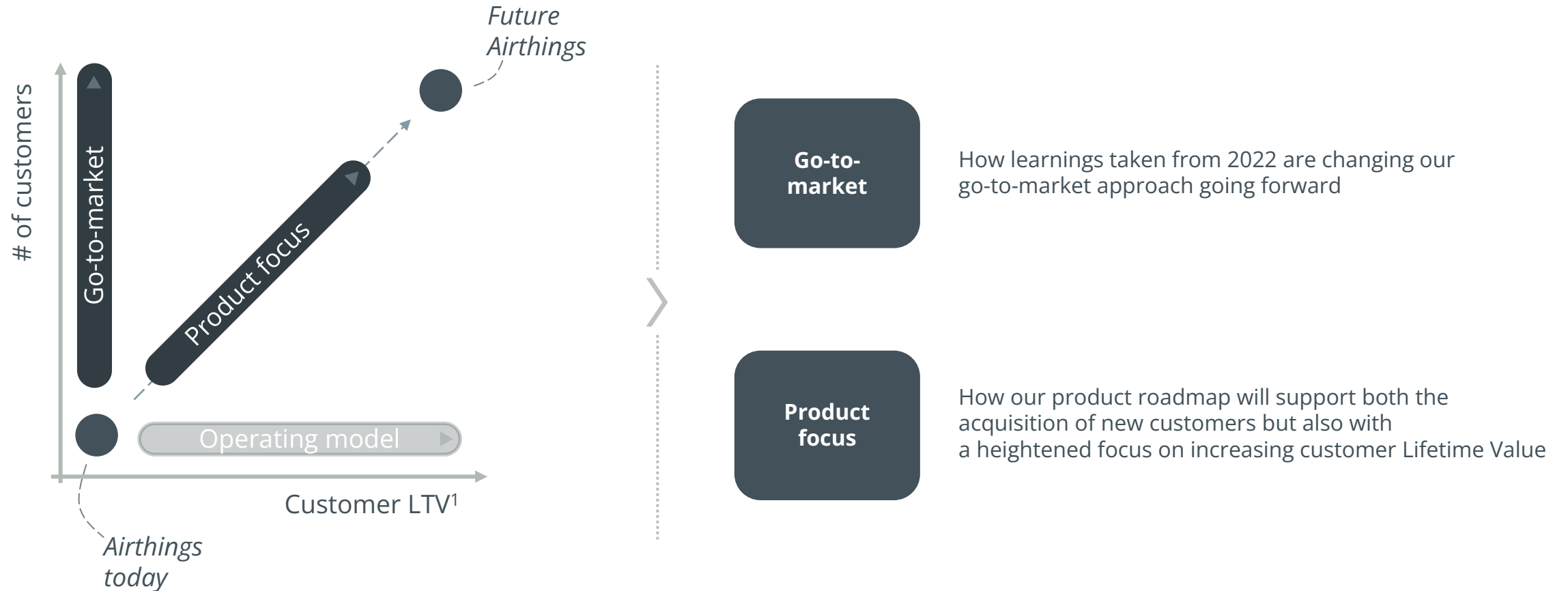
1. Revenues less all applicable variable costs

Turning first to Consumer's Go-to-market efforts

Three priority initiatives to drive growth in the number of customers
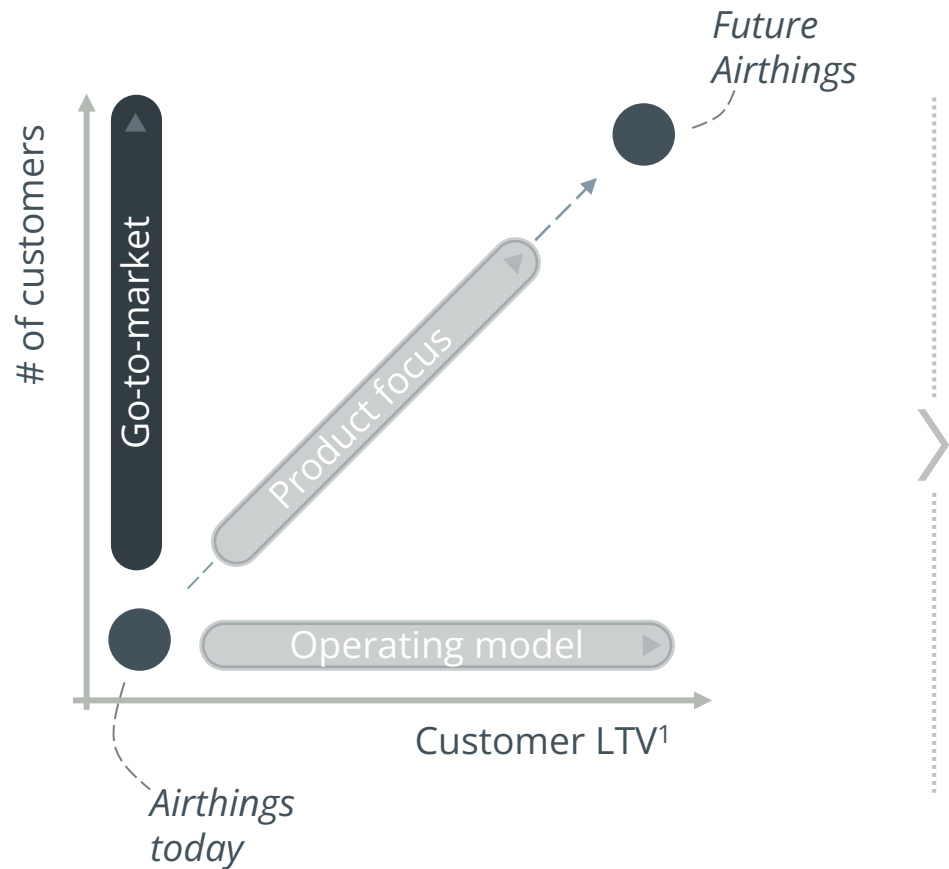
Top priority Go-to-market initiatives

A — Unlock of the potential of our Direct-to-Consumer channel – Airthings.com

B — Build further on the historical success with Amazon

C — Streamline retailer footprint and go deeper with selected key retailers

1. Revenues less all applicable variable costs

Three key learnings from 2022 and early 2023 that formed updated Go-to-market strategy

Learnings	Implication for GTM
1 Of all channels, Airthings.com has the best unit economics, but has traditionally received the least focus	Make growth on Airthings.com a top priority and dedicate the resources required to accelerate its progress
2 Amazon has been a very successful channel for Airthings.com and we are only scratching the surface	Ramp up marketing activities on Amazon and continue to nurture relationship
3 We went too broad too fast with our retail footprint, and this prevented us from developing a scalable model	Focus energies on key retailers where we have seen success, establish scalable model, and ramp when ready

Pursue a digital-first go-to-market strategy with a focused retail presence to drive brand awareness and enhance reach

Seeing early signs of traction from efforts on Airthings.com

How we are accelerating our D2C efforts

Early signs of traction

- Established dedicated task force ("Digital Growth Engine") to drive revenue optimization on own channel
- Adopted fast- and sprint-based way of working with clear deliverables every two weeks covering the following areas:
  - Iterative improvements to website
  - SEO optimization
  - Customer success & newsletters
  - Performance marketing focused on engaging and relevant creatives
  - SOME
- Based on a methodology of multi-variant testing and experiments, with rapid integration of learnings

110%   YTD growth on Airthings.com in 2023

>20%   Reduction in customer acquisition costs

>85%   Increase in conversion rate

35%   Increase in organic traffic

David Pomfret
Head of Digital Growth

AIRTHINGS

Amazon

Many opportunities to build on our historical Amazon success

Strong historical success on Amazon

Opportunities to build further

~55%   of Consumer revenues (on average)

4.4/5.0   Customer ratings of our products

Low   Customer acquisition costs

#1   Within our product category

- Untapped potential in expanding market spend on Amazon's platform
  - Internal analysis has shown a strong correlation between spend and sell-through
  - Have historically dedicated only a modest budget to Amazon spend
- Additional "high-velocity" events beyond Prime Day and seasonal campaigns
- New merchandizing opportunities to Airthings's health and wellness messaging and upsell multiroom
- Incorporate the concept of multiroom monitoring on our product and brand pages
- Sustainability positioning, events, and badging
- And many more …

Julie Gatto
Head of Amazon Global

amazon.com®

Enforcing Retail discipline

To maximize short-term revenue gains and establish a scalable model which can be ramped up later

**Focusing our energies for the foreseeable future
on the Retailers who contribute the most**

Comments

Percent of overall Retail channel revenues, by Retailer
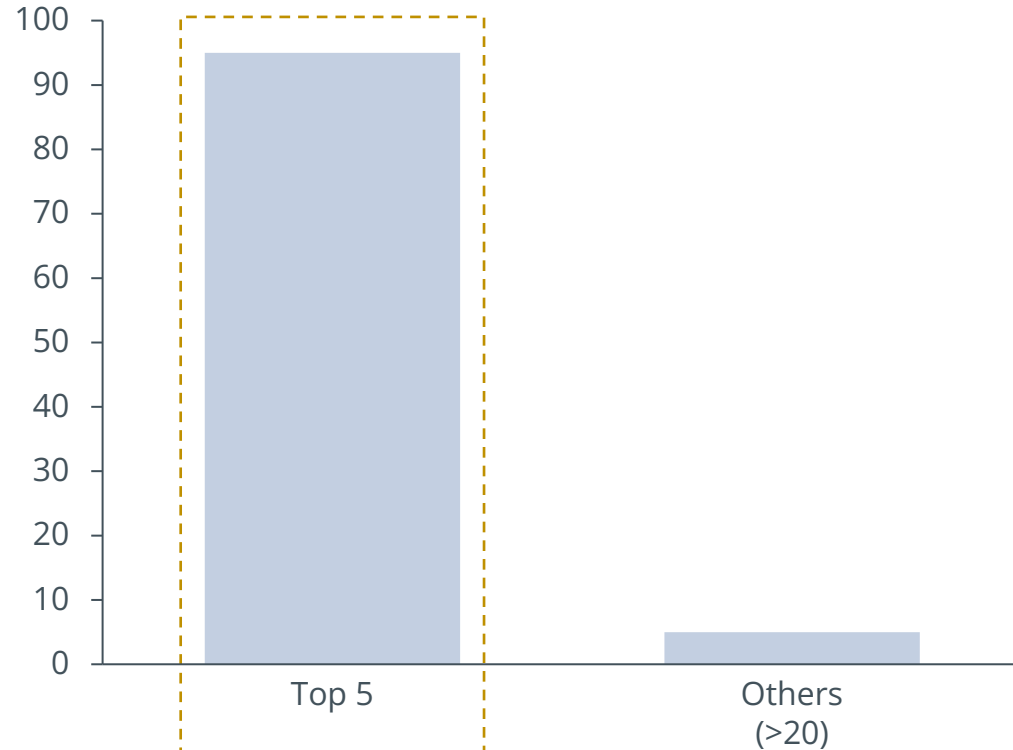
- Long tail created large administrative burden and stole capacity without generating meaningful results

- Going deeper where we have seen success, including:

  - Expanding the product offering at key retailers

  - Nurturing strategic partnerships to further develop the category

  - Improving sell-through via tailored in-store merchandise and marketing efforts

- Ensuring we are capturing learnings from where we are seeing successes

  - Enabling us to develop a more "fool-proof" and scalable Retail model that can be replicated and ramped up going forward

Tuyen Vo Olsen
VP Global Retail

Turning now to where Consumer's Product focus is going to be for the foreseeable future

Three tightly connected initiatives to boost not only number of customers but also Customer Lifetime Value

Future
Airthings

# of customers

Go-to-market

Product focus

Operating model

Customer LTV[1]

Airthings
today
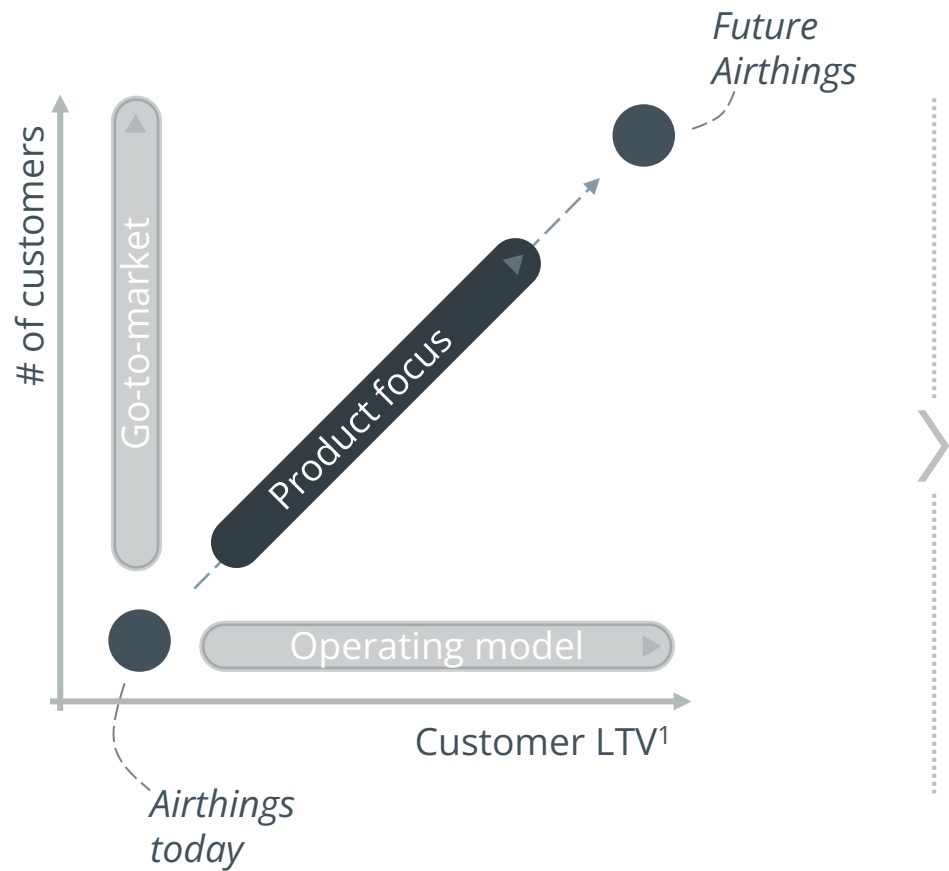
Top priority Product focus initiatives

A Enhance the software experience

B Strengthen the value proposition of multi-room monitoring

C Focus on building a valuable customer journey

1. Revenues less all applicable variable costs

Building a true hardware-enabled software company

Our App offering today – solid but a bit basic

**Our App offering in the future
– an air coach in your pocket**
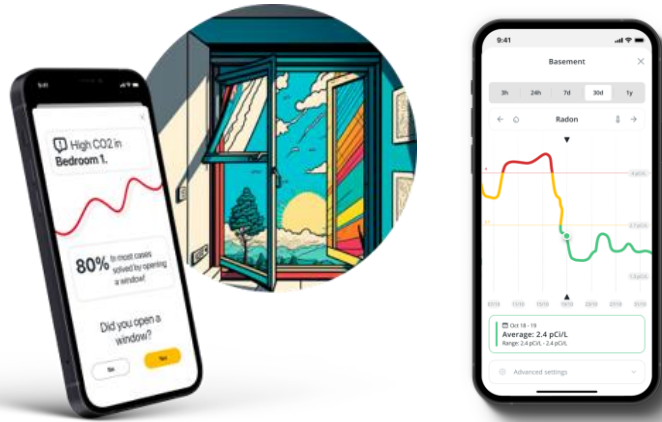
- Immediate and historical graphs of key air quality metrics
- Notifications
- Set your focuses per room, such as asthma, allergies, etc.
- 3rd party data (such as outside weather, etc.)
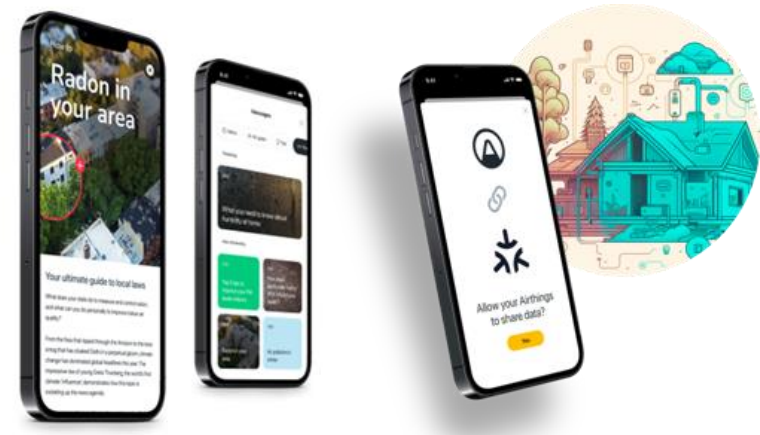
- Tailored customer journeys, with personal insights and recommendations
- Compare your home to others in your neighborhood
- Automate your home using matter, and optimize your energy usage
- Get contacted by an Airthings approved professional

Targeting releasing value-adding user features/functionality on a bi-monthly schedule

Conveying and enhancing the value proposition on multiroom monitoring

Our hardware portfolio was designed with multiroom monitoring in mind
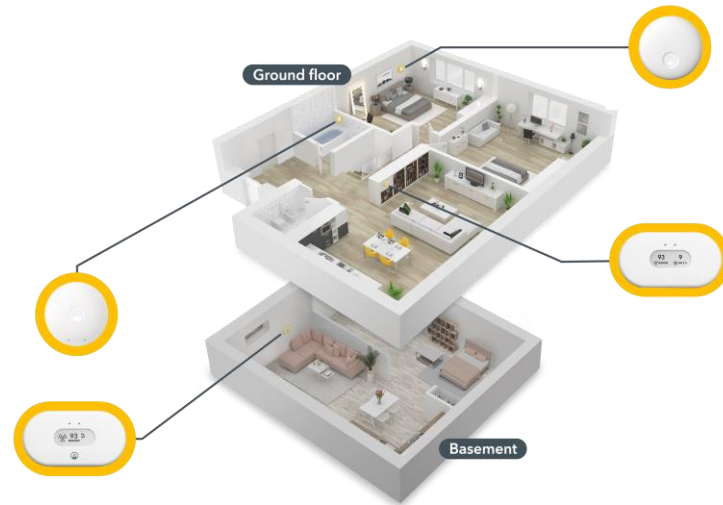
Why multiroom monitoring is critical

How we are going to enhance the value proposition

- Different rooms and spaces are subject to different air quality problems, i.e radon in basements, Co2 in bedrooms, mold in bathrooms

- People in a household are different; asthma, allergies, dry skin, etc

- Activities in rooms are different, i.e sleeping in a bedroom, lighting a fireplace in the living room, gym and gaming room in the basement

- Incorporate multiple data sources to provide even more advanced and personalized insights and recommendations

- Provide an overall score of the health of the home, with focus on key areas (e.g. kid's bedroom)

- Compatibility with smart home services like Matter to i.e., enable energy efficiency and automate your home
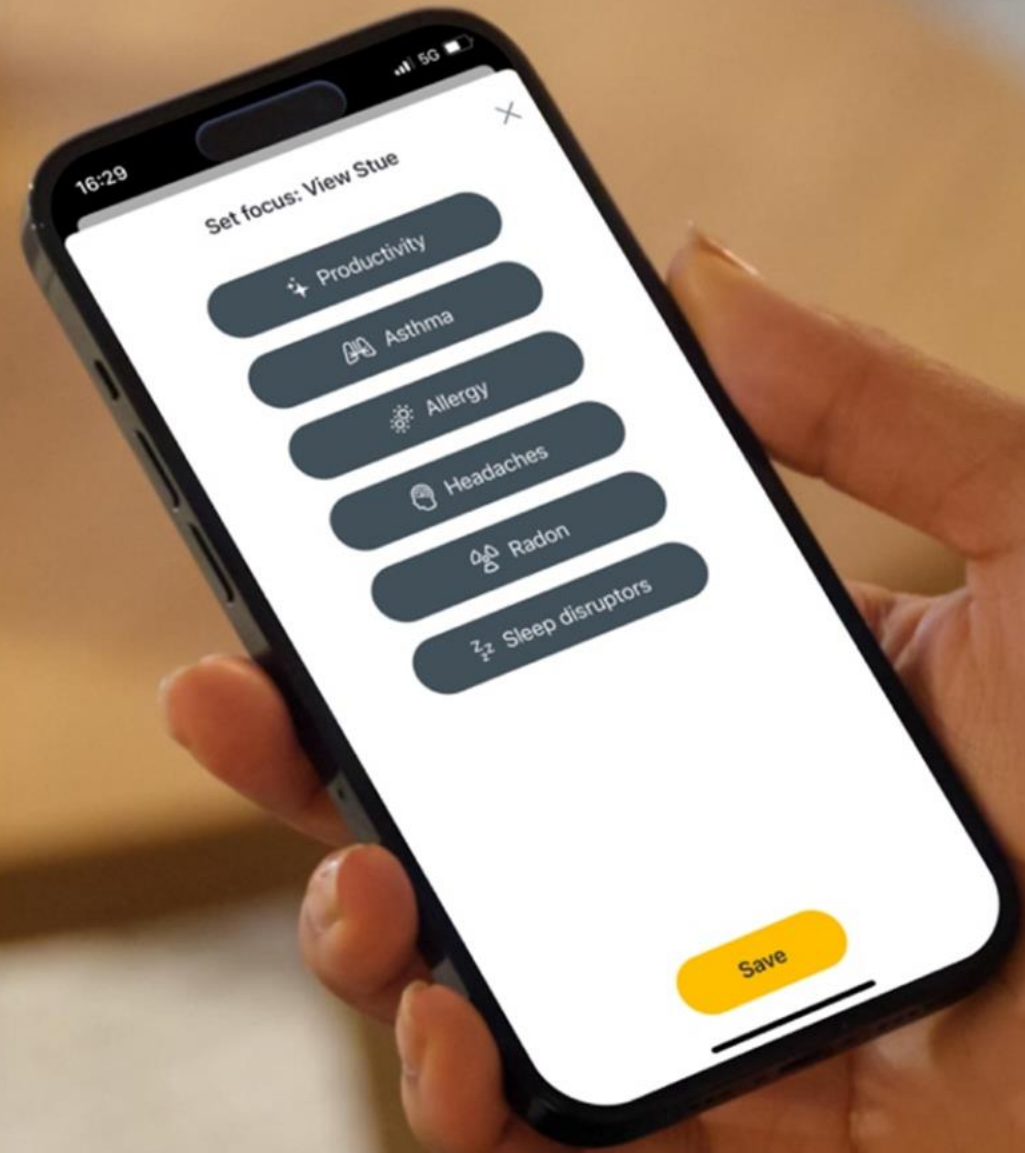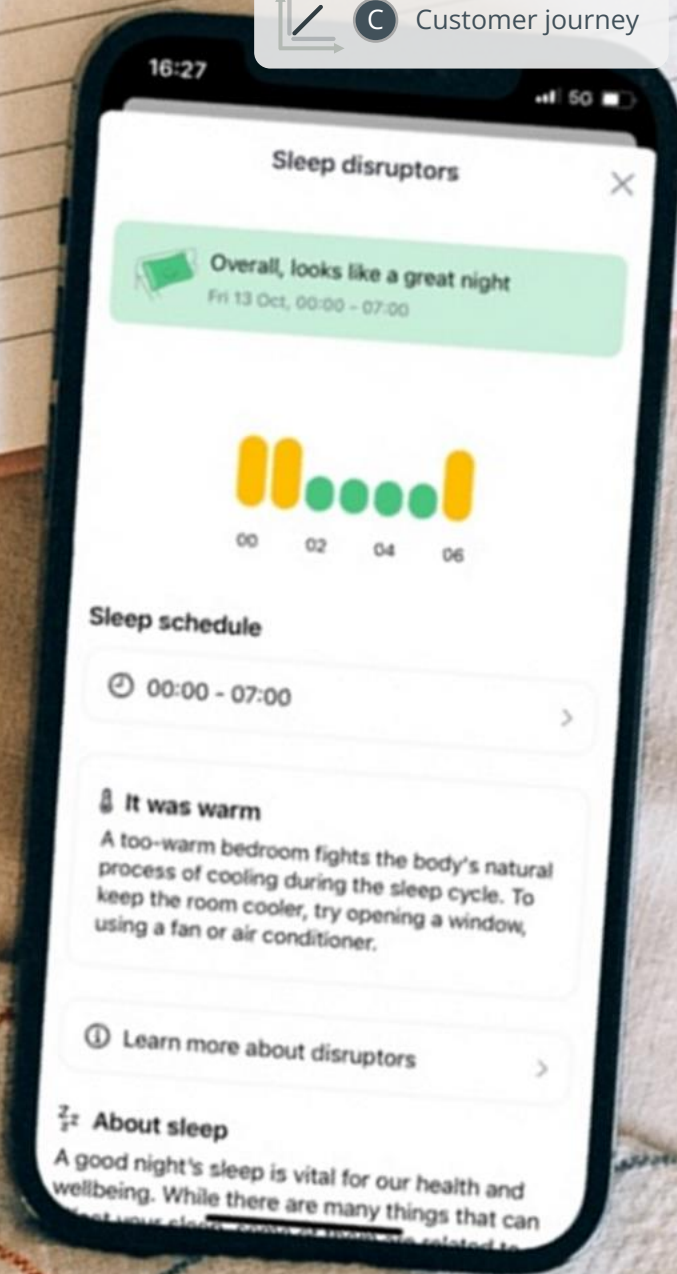
16:27

Sleep disruptors ✕

Overall, looks like a great night
Fri 13 Oct, 00:00 - 07:00

00   02   04   06

Sleep schedule

🕐 00:00 - 07:00 ›

🌡 **It was warm**

A too-warm bedroom fights the body's natural process of cooling during the sleep cycle. To keep the room cooler, try opening a window, using a fan or air conditioner.

ⓘ Learn more about disruptors ›

💤 **About sleep**

A good night's sleep is vital for our health and wellbeing. While there are many things that can
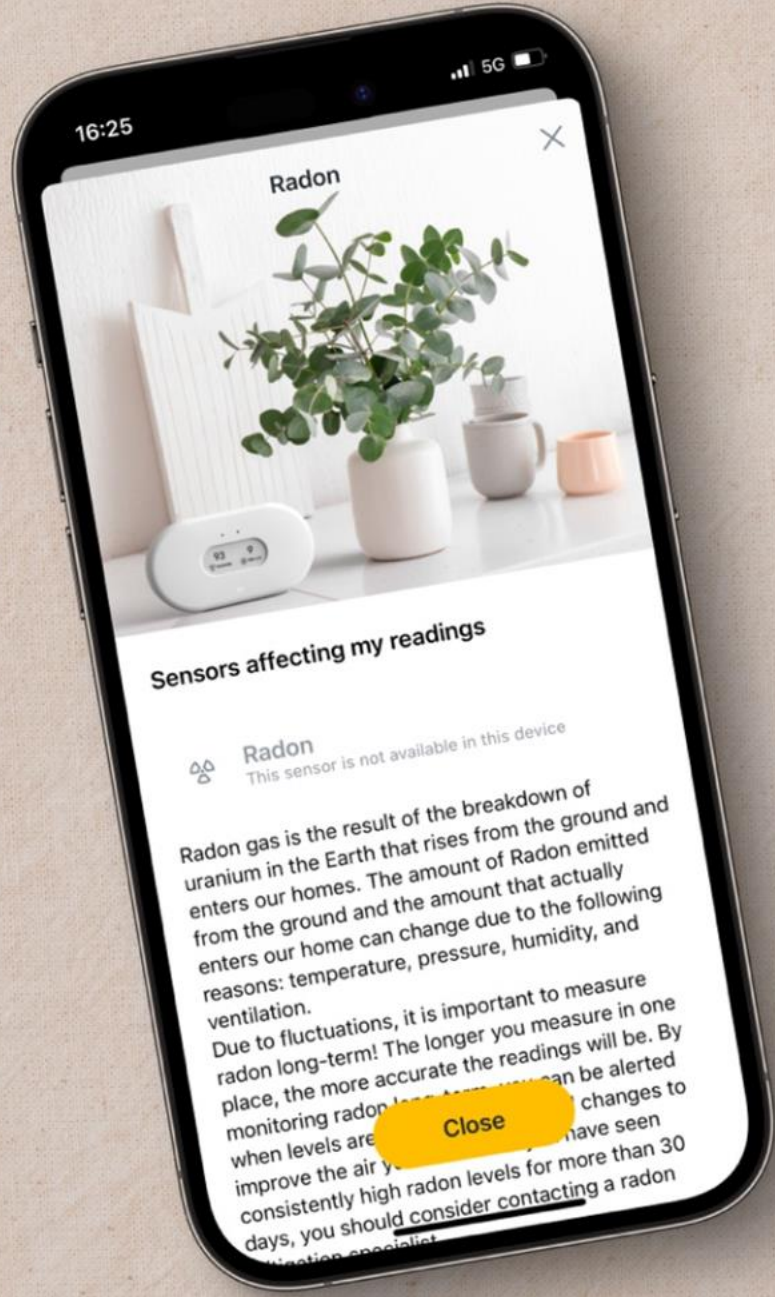
16:25

Radon

Sensors affecting my readings

Radon
This sensor is not available in this device

Radon gas is the result of the breakdown of uranium in the Earth that rises from the ground and enters our homes. The amount of Radon emitted from the ground and the amount that actually enters our home can change due to the following reasons: temperature, pressure, humidity, and ventilation.

Due to fluctuations, it is important to measure radon long-term! The longer you measure in one place, the more accurate the readings will be. By monitoring radon long-term you can be alerted when levels are changes to improve the air you have seen consistently high radon levels for more than 30 days, you should consider contacting a radon

Close

Concluding thoughts

Consumer's focus is on improving our go-to-market approach and strengthening our product offering via software

Consumer's focus – what we are doing in short:

1 Bringing focus and discipline to our GTM approach and doubling-down in our digital channels and existing geographies to grow our number of customers

2 Enhancing our software offering and the value of multiroom monitoring to increase Customer Lifetime Value (LTV) and strengthen the value proposition for both new and existing customers

# of customers

Go-to-market

Product focus

Future Airthings

Operating model

Customer LTV[1]
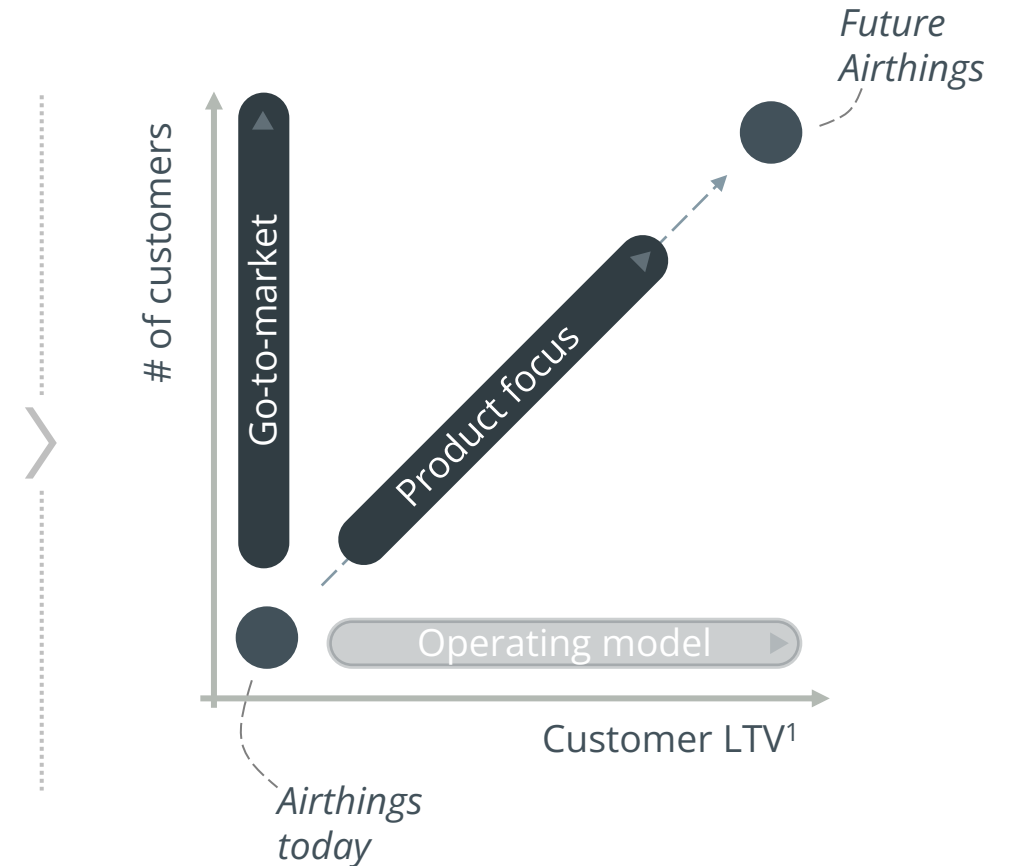
Airthings today

1. Revenues less all applicable variable costs

Airthings for Business

"GTM focus and strengthening the software offering"

Oyvind Birkenes, Airthings for Business

Airthings for Business

Airthings for Business is a relatively young business unit showing strong early traction

With a user-friendly and appealing product offering that sets it apart

Robust early traction

AfB Revenue [USD '000]
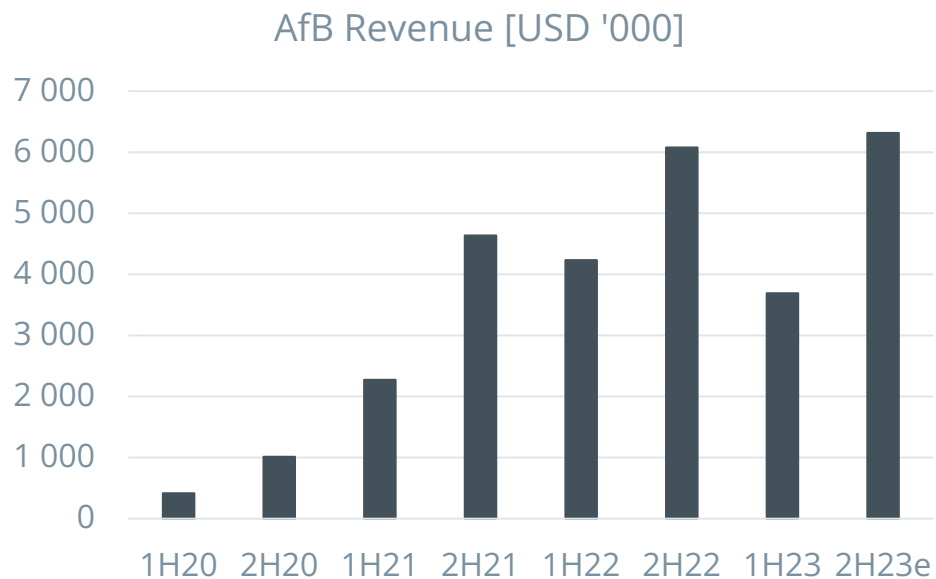
100,000+
Business devices installed

7,000+
Buildings being monitored

Broad product range and holistic experience

- Plug & Play installation with simple onboarding
- Wireless sensors with very long battery life
- Long-range cellular connection
- Virtual sensors such as Occupancy & Ventilation rate
- Enterprise security with ISO 27001 certification
- Professional Dashboard and rich API

Addressing the North America and European markets with a partner strategy

Providing a scalable model for growth

Comprehensive geographical coverage with focus on North America and Europe
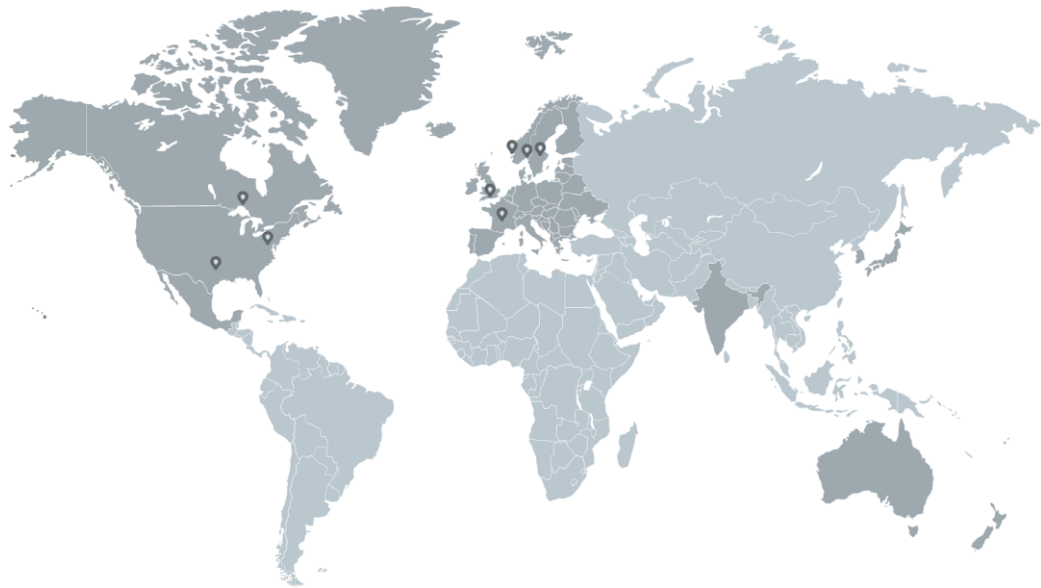
Scalable partner strategy

Early mover pursuing a massive market opportunity

Every building needs to be managed

130M
offices
in EU and North America

9M
classrooms
in EU and North America

Airthings is focusing on those that have portfolios of buildings, not single buildings

80%

**of todays buildings
will still exist in 2050**

The life of Facility Managers and Building Operators

Tedious work with high expectations

Most buildings are run by antiquated technology

- Large building portfolios with many tenants

- Manual processes and tedious work

- Lots of complaints

- High expectations

    - Sustainability, compliance, wellness, fixer

- No good data or good overview of the buildings

- Reactive, not proactive
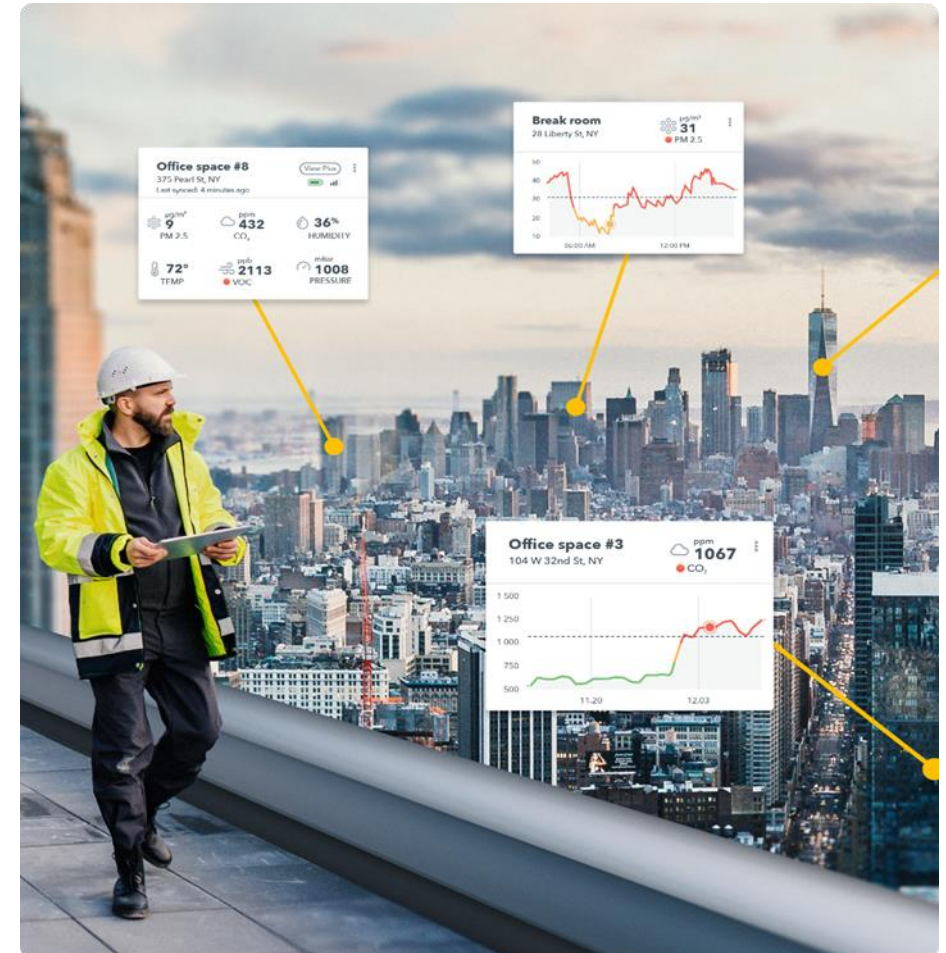
Target customers and value proposition

Targeting clients that can benefit from Airthings's entire value proposition

Target customer:

Clients in EU or US who own or manage a building portfolio

- Enterprise customers
- Municipalities and School Districts
- Building Owners

Target stakeholders:

- Head of Facilities
- Head of Workplace Experience
- Sustainability Managers

Value proposition:

- Overview of the building portfolio with consistent data
- Energy efficiency tools
- Smart and proactive facility management
- Health, wellness, and compliance
- Enabling demand-based control of HVAC

Example of end-clients

Clients in EU or US who own or manage a building portfolio

Enterprise

- Multiple Fortune 500 companies in the US
- Several European-based global enterprise customers

Schools & Public sector

- Ivy league universities
- Quebec schools
- California schools
- Schools in UK and Benelux
- Municipalities in Norway

Building owner/operator

- Høegh Eiendom
- DNB Næringseiendom
- Statens Vegvesen
- Atrium Ljungberg
- Landsec
- ATP Ejendomme

Focus on direct relationship with end-clients, but often sell through a value-adding partner

Case study: Global Enterprise Customer

Airthings awarded a total of USD 7M contracts from a global enterprise customer in 2022 and 2023 with a partner

Key value from the solution

1 Ensure a healthy environment for employees coming back to the office

2 Remotely monitor workplaces around the world

- Ensure health, wellness, and productivity
- Proactive facility management
- Operate the buildings more efficiently with less energy

Case study: Allianz

Allianz uses Airthings in their IOT platform to modernize building portfolio

Key value from the solution

1 Healthy and productive environments for occupants and visitors

2 Energy efficient operations and improved asset management

3 Building automation through high quality IoT data

4 LEED Platinum building certification

Case study: Hamar Municipality, Norway

Moving from reactive to proactive and smart facility management

Key value from the solution

1 Remotely monitor all their buildings with consistent and valuable data

2 Energy efficiency

- 1500 devices installed throughout their building portfolio
- With data and insights from Airthings, reduced their energy consumption with about 2 GWh from 2021 to 2022
- Positive ROI in <1 year

"Without Airthings sensors in our buildings, control of the buildings is basically done in the blind. In addition, the indoor climate in the buildings has improved. The Airthings solution has become a very important tool to improve indoor environments and energy consumption at Hamar Municipality."

- Magnar Hommerstrand, Director of Energy and Technical Installations

Case study: Energy Control

Value-adding partner that provides demand-based control of Heating, Ventilation, and Cooling

Key value from the solution

1 Energy optimization of buildings

- >4000 Airthings devices installed in commercial buildings
- Demand-based HVAC control from the Cloud
- 40-50% average energy reduction per building
(Already saved several GWh)

2 Provides overview of their client's building portfolios with consistent data for efficient facility management

3 Move their clients from reactive to proactive facility management

Airthings for Business in "Airthings 3.0"

Initiatives focused on both on our Go-to-market and Product Focus

Future Airthings

# of customers

Go-to-market

Product focus

Operating model

Customer LTV[1]

Airthings today

Go-to-market

How learnings taken from the launch of Airthings for Business until now are improving our go-to-market model going forward

Product focus

How our product roadmap will strengthen our ability to address key customer needs and grow not only the number of new customers but also improve customer Lifetime Value
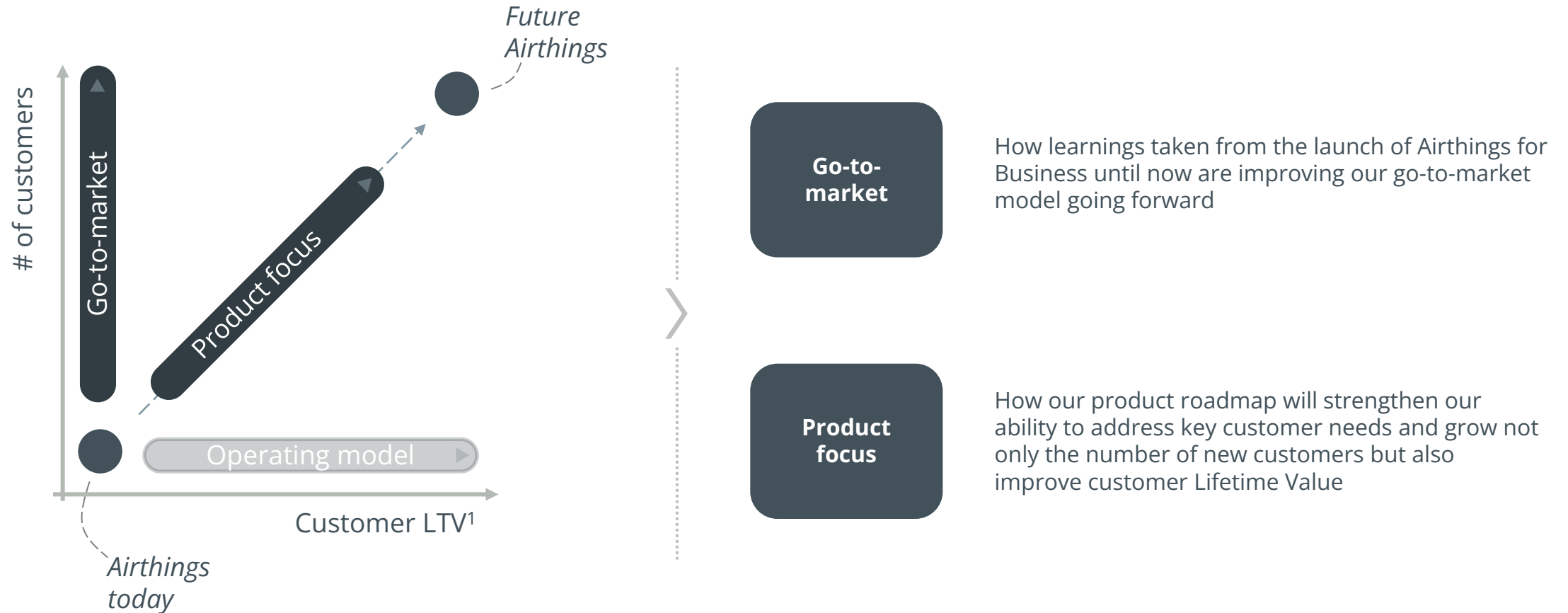
1. Revenues less all applicable variable costs

Looking first at Airthings for Business's Go-to-market efforts

Three priority initiatives to drive growth in the number of customers
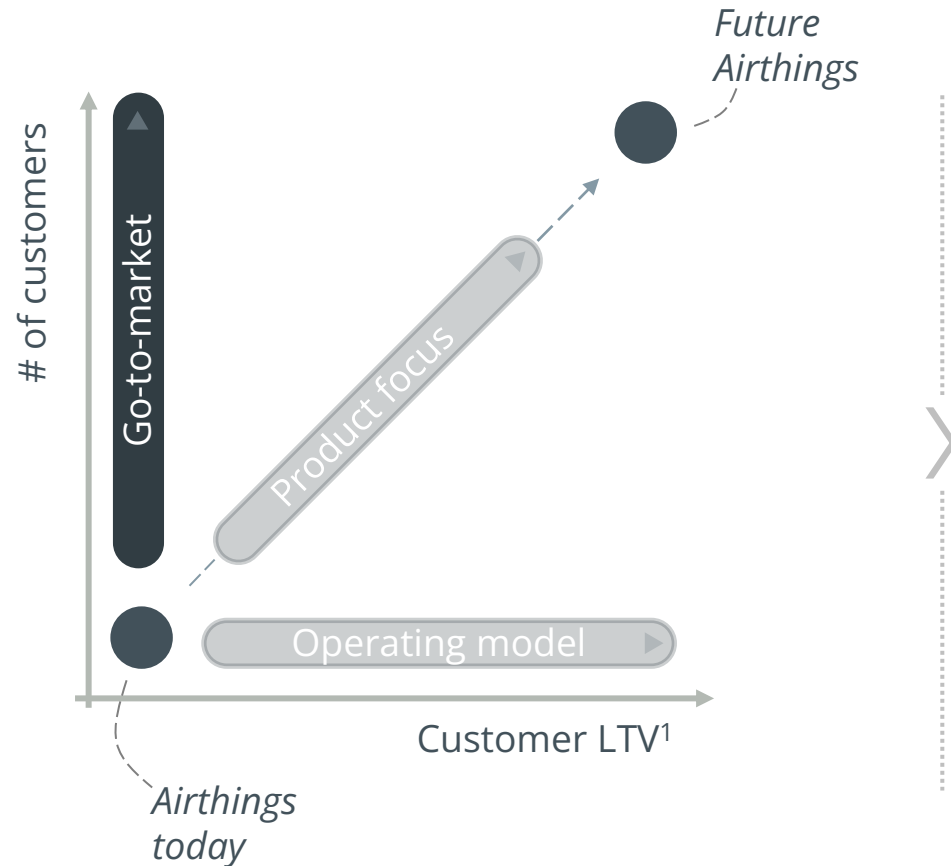
Top priority Go-to-market initiatives

A Generate more demand "pull" by focusing more of sales activity directly with end-clients and users

B Streamline partner portfolio with a focus on those who add additional value to the end-user experience and reach

C Limit geographical focus to the key regions of North America and EMEA

1. Revenues less all applicable variable costs

Three key learnings from launch of AfB that formed updated Go-to-market strategy

Learnings	Implication for GTM

1 Airthings itself is the best positioned to convey the strength and uniqueness of our solution

Spend more time with end-users, going together with our partners, to communicate our value proposition

2 We went too broad too fast with our partner model, and this prevented us from setting them up for success

Slim down the partner portfolio, and focus on making our most successful partners even more so

3 We have been too opportunistic and pursued opportunities outside of key geographies - consuming capacity

Exercise discipline and focus our energies on the key geographies where there is significant untapped potential

Pursue a disciplined go-to-market strategy with an emphasis on direct communication with end-users and a value-adding partner portfolio

Placing more emphasis on generating "pull" demand creation

Historically: Focused on sourcing partners

- Overall, Airthings for Business has dedicated a majority of its sales team capacity on sourcing and qualifying new partners

- The thought being that this would be the fastest and easiest way to scale sales

- However, this approach didn't fully appreciate the nascent nature of IAQ monitoring and the need of a clearly communicated value proposition to encourage adoption amongst end-users

- Thus, partners weren't necessarily set up for success resulting in variance of performance

- This resulted in the conclusion that we cannot rely on "push" demand creation alone

Going forward: "Hunting" end-users

- Until adoption ramps up, time needs to be spent with end-users on selling the value of IAQ monitoring for health, wellness, efficient FM, and energy efficiency

- No one is better positioned than Airthings itself to communicate the value-proposition of our solutions

- Thus, we are going to shift the focus of the sales team to going into dialogue directly with end-users (often together with selected partners) to generate "pull" demand creation

- This will also have the added advantage of putting us in even closer dialogue with end-users to improve our product roadmap going forward

Directing our energies on value-adding partners

Focusing our energies for the foreseeable future on the partners who contribute the most

Comments

Percent of overall AfB hardware revenues, by Partner
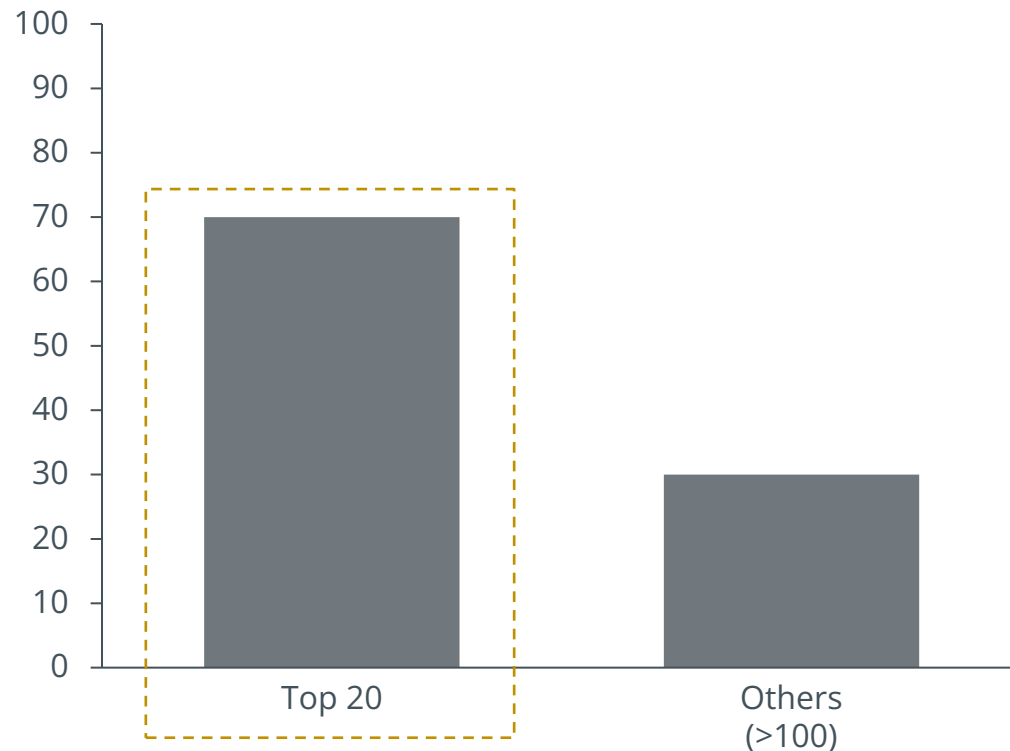
- A fraction of our total partner count has historically been responsible for the bulk of our revenues

- At the same time, the long tail have created a large administrative and operational burden and stolen capacity of the organization

- A common trait amongst the highest performing partner is that they provide value-adding services to Airthings's offering

  - Whether it be through their own product offering, the technical expertise they bring to the table, or their logistics and distribution networks

- Going forward Airthings will direct its energies towards these value-adding partnerships and implement automated processes to handle the long-tail (more on this in Operations section)

Ensuring focus on two key geographies – North America and Europe

Doubling down on the geographies where we have seen success

Percent of overall AfB hardware revenues, by Country (2022)
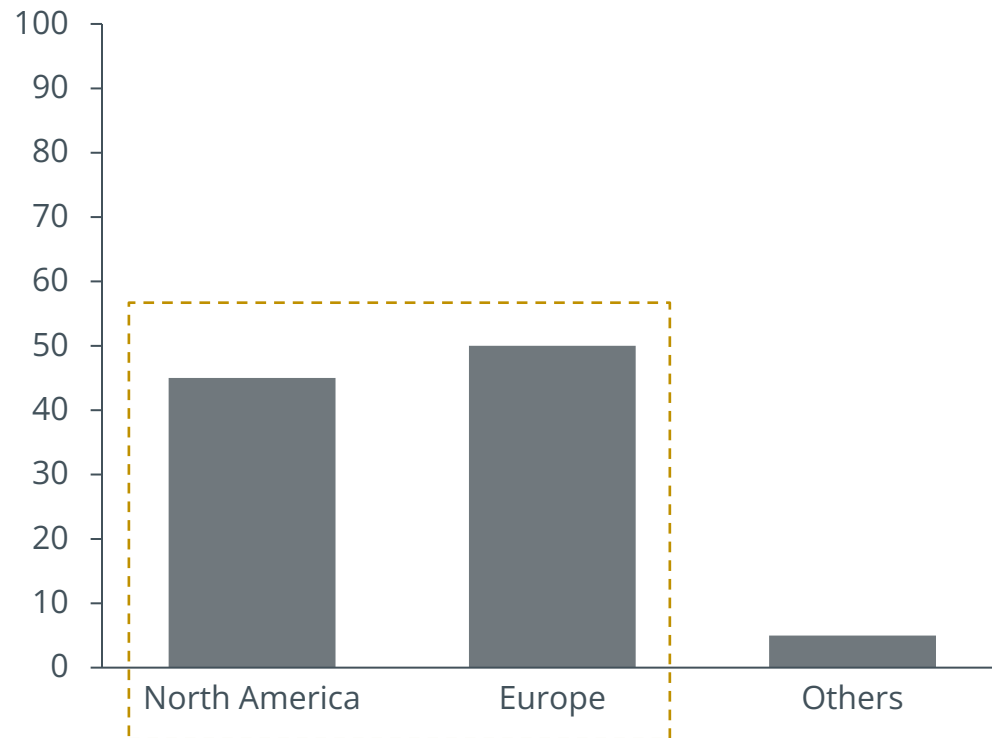
Comments

- Two primary geographies – North America and Europe – represent the overwhelming source of revenues in AfB (combined >90%)

- Historically, significant capacity has been utilized within the sales team trying to establish new geographies

- Furthermore, capacity has been consumed in other departments, such as Operations and Finance, working to set up logistics and ensure compliance with new geographies

- Going forward, we will be highly focused on our key geographies, as we are only scratching the surface of what is possible there

Looking now at Airthings for Business Product focus going forward

With short-term efforts focused on addressing pressing customer needs

Future Airthings

# of customers

Go-to-market

Product focus

Operating model

Customer LTV[1]

Airthings today
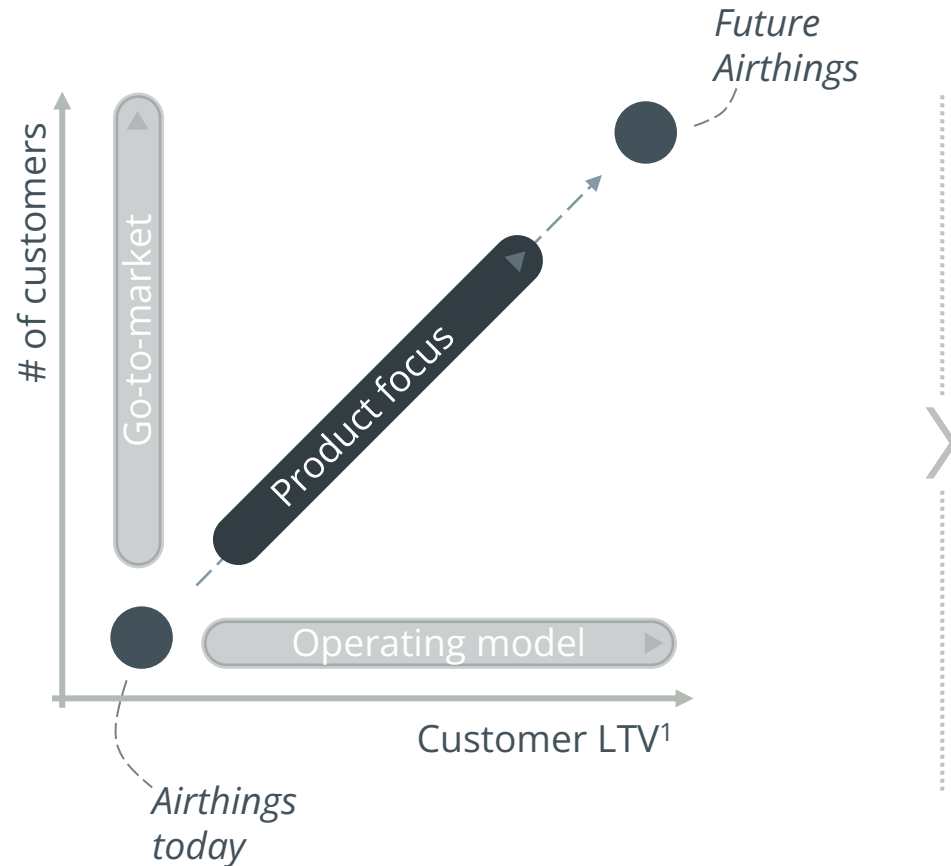
Top priority Product focus initiatives

A Develop additional solutions that enable end-users to reduce their energy consumption

B Further optimize indoor air quality offering

C Continue to support proactive and efficient facilities management

1. Revenues less all applicable variable costs

Our short to medium-term product roadmap is focused on pressing customer needs

Converting end-user issues into meaningful benefits

| End-user issue	How we are addressing it	End-user benefits
1 Inefficient control of HVAC[1] system, resulting in energy waste	SW offering to help HVAC and BMS experts see how they can easily optimize the HVAC system	• Lower energy costs • Reduced CO_2 emissions • Improved indoor air quality by providing fresh air to where and when it is needed
2 Poor indoor air quality impacting well-being and productiveness of employees / students	Advanced analytics and insights (both physical and virtual) so corrective actions can be taken	• Tangibly improving indoor air quality • Healthier and happier workforce / students • Increased productivity and concentration
3 Reactive and inefficient facility management driving avoidable costs	Actionable insights and alerts, with advanced features like Space Utilization, Virus Risk, and Ventilation Rate	• Proactive facility management • Reduced OPEX costs • Smarter and more efficient facility managers

And end-users are often trying to optimize for all three at the same time

1. Heating Ventilation and Air Conditioning

Reduce energy consumption

Enabling the reduction of energy consumption and environmental impact

A tangible value proposition for end-users

Examples of progress we have made so far	What's planned
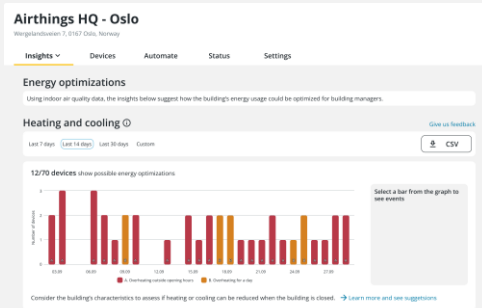
Energy Toolkit v1.0

Heating & Cooling

Third-party Integrations

(example Lindab ultralink)

1 Energy tracking
- **What:** Including data on the building's energy consumption
- **Why:** To easily confirm that actions taken are reducing energy consumption

2 Energy insights
- **What:** Advanced anomaly detection to identify sources of energy leakage
- **Why:** Bring clarity to leakages which are causing large energy loss

3 Harmonizing data points
- **What:** Bring consistency across data sources
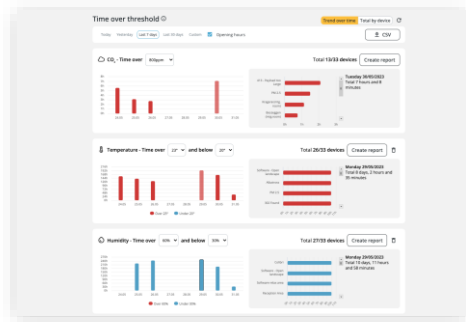- **Why:** To enable machine learning and AI application to data sets

Ensuring that buildings are being run in a healthy way

Ensuring a happy and productive workforce / students

Examples of progress we have made so far	What's planned

Air Quality
Time over threshold

Space Utilization
Occupancy and presence
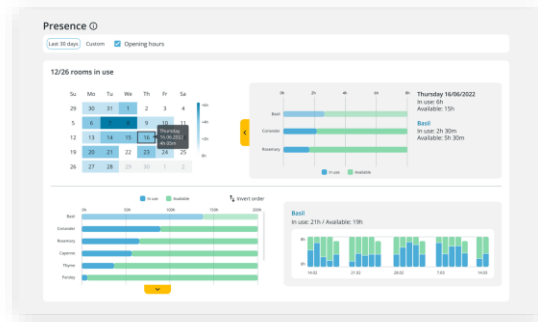
Rich API

OCCUPANCY

MOLD RISK

VIRUS RISK

VENT RATE

1 Ventilation rate
- **What:** Using advanced analytics to determine the ventilation rate in a room
- **Why:** Critical component of IAQ and regulatory momentum toward mandating minimum levels of air exchange

2 Ventilation schedule
- **What:** Provide baseline for how ventilation is being run in the building
- **Why:** Provide superior recommendations for how ventilation should be run in the building

3 API v2.0
- **What:** An even richer API with real and virtual sensor data
- **Why:** Support value-adding partners with better data to run their platforms

Focus on making the life of a Facility Manager easier

While also giving other end-users the insights and information they require

Examples of progress we have made so far

Airthings Dashboard

Companion App

What's planned

1 Dashboard 2.0
- **What:** Customizable, more intuitive, and personalized software offering
- **Why:** Ensure that the end-user is getting the relevant insights and building overview that they require

2 Automated "work orders"
- **What:** AI generated mitigating recommendations and actions that facility managers can take
- **Why:** Make the life of a facility manager easier and help them avoid complaints

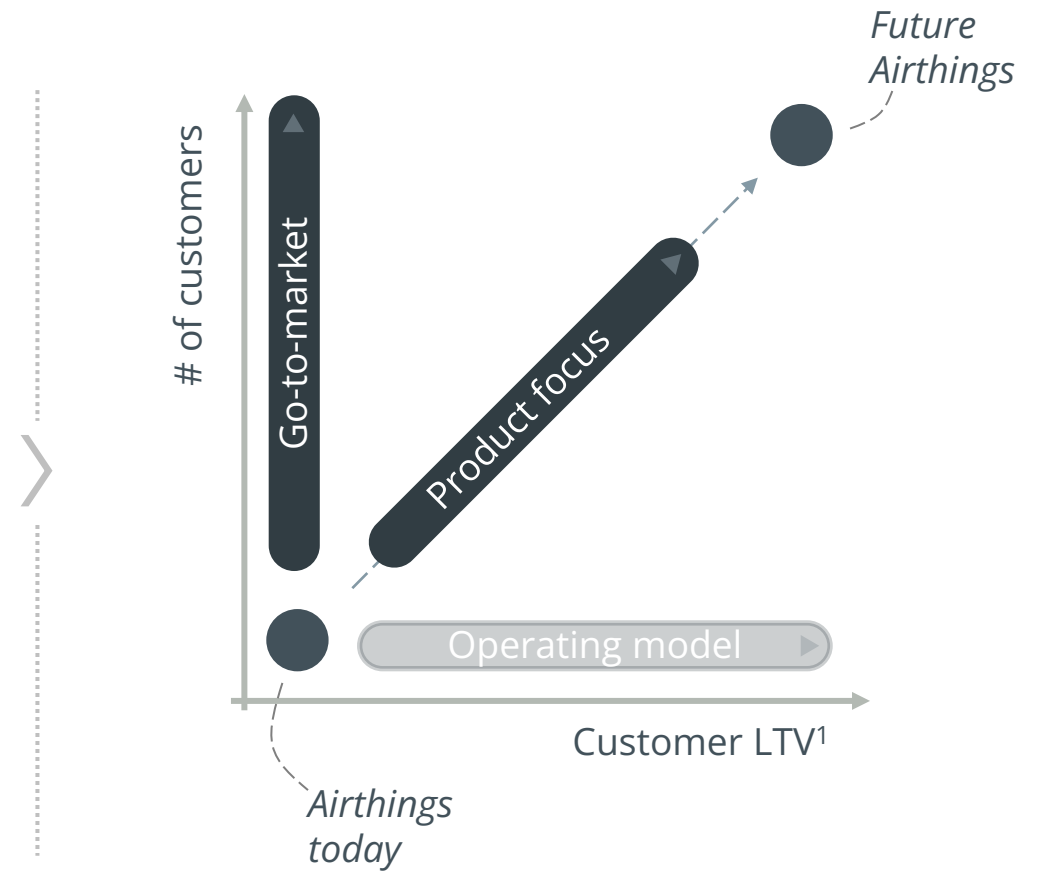**3 Enhanced reports and insights**
- **What:** Provide clarity to complex data sets and reduce the threshold for knowing what actions need to be taken
- **Why:** Giving end-users a simple and understandable summary of the performance of their buildings

Concluding thoughts

Focus is on streamlining our go-to-market approach and addressing pressing end-user needs with our product offering

Airthings for Business's focus – what we are doing in short:

1 Free up capacity to spend more salesforce time in direct communication with end-users by enforcing discipline in our GTM approach in terms of both partners and geographical focus

2 Continue to address key end-user needs and build on our existing solutions to limit churn and enable multi-tiered subscriptions in the future - thus increasing Customer Lifetime Value (LTV)

Future Airthings

# of customers

Go-to-market

Product focus

Operating model

Customer LTV[1]

Airthings today

Operations

"Building a scalable operating model"

Audhild Randa, COO

Focus of today will be on efforts to reduce variable costs of Operating Model

Focus today on the variable cost portion of the Operating Model		Associated variable costs

Internal

People, culture, ways of working, etc.

Variable cost aspects of serving customers

Systems, tools, processes, etc.

External

Fixed cost aspects of serving customers (e.g. hardware and software dev.)

Relative unit economics importance

Product manu-facturing[1]

Order processing / fulfillment

Ongoing product service

Support

- Hardware COGS[1]

- Freight, warehousing, and order handling
- Sales time spent on admin and small orders

- Cloud computing
- Cellular connectivity

- Customer success / service
- Returns & replacements

1. Not in scope of presentation today

Operations in "Airthings 3.0"

Four critical initiatives to support our Operating model efforts
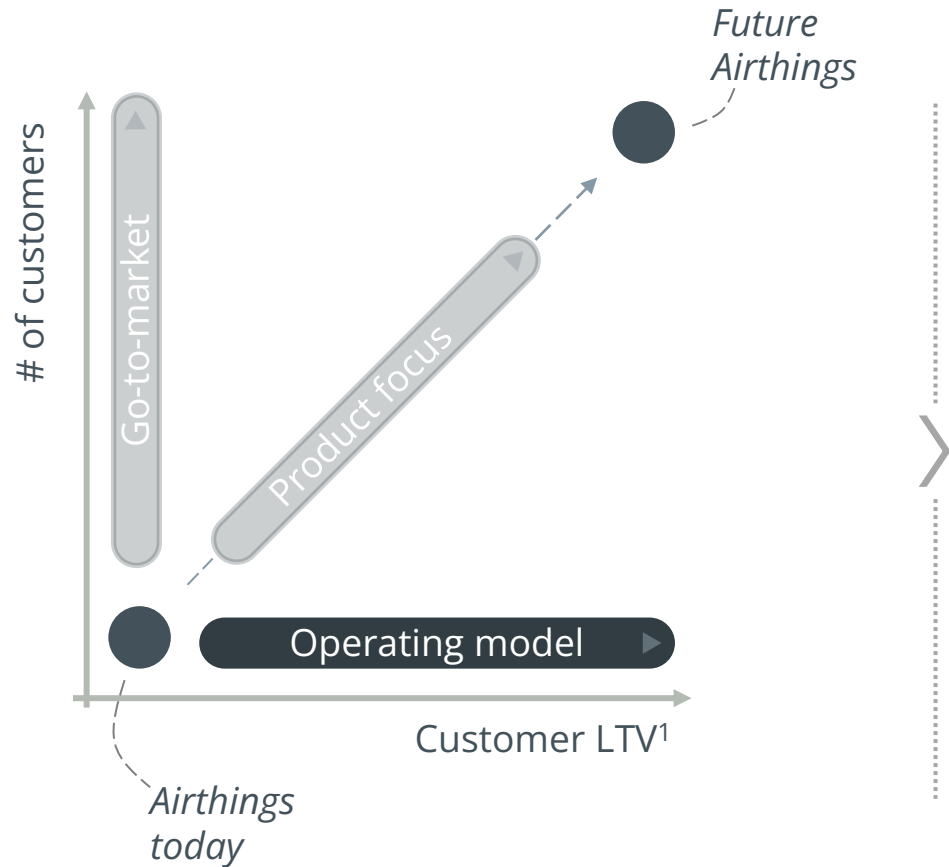
Top priority initiatives to support Operating model efforts

A Enable full automation of order fulfillment via revamped logistics setup

B Streamline sales and order processing in Airthings for Business via self-service subscription

C Continue to reduce cloud computing costs

D Utilize AI tools in selected use-cases with a goal of identifying the best opportunities to increase internal productivity

1. Revenues less all applicable variable costs

Logistics

Currently revamping logistics set-up to optimize cost

Fast growth led to patchwork logistics which needs to be addressed

| Background	Resulting situation end of 2022	Issues	Solutions being implemented
• Fast growth during 2018 – 2021, combined with Supply Chain issues (component shortage) putting pressure on delivery time and distribution • Focus on getting goods distributed, not on doing it in an optimal way • Clear opportunity to optimize cost without impact on delivery times	**1** Different logistics partners for different channels; Sub-optimal agreements	• No economies of scale	• Consolidated global 3PL agreement • Utilizing 3PL freight contracts for volume
	2 Sub-optimal flow of goods	• Multiple transportation legs driving up cost • VAT cost for NO to EU • Repacking for retail • Large share of air freight	• Clear strategy for flow of goods • Warehouse in EU (avoid transport EU->NO->EU) • Review packaging strategy • Better PSI[1] modelling
	3 Lack of system integration	• Too many manual processes • Delays in deliveries	• Integrating systems and creating rule-based order processing for "no-touch" fulfillment

1 Production-Sales-Inventory

No-touch customer acquisition in AfB for small and medium size customers

Freeing up sales team capacity to focus on other, revenue generating, tasks

Scope for self-service subscription

Become a customer for the first time	Purchase hardware + subscription	Renew subscription	Churn
• Set up account • Make first purchase of subscription (& HW) with credit card, or request invoice[1] • Get tips on installation	• Make additional purchase(s)	• Get warning that subscription is expiring • Pay subscription fee for new period or request invoice[1]	• (Enforce) downgrade to minimum functionality

Partner managed

Implemented	Ongoing

Direct

Future	Ongoing	Ongoing
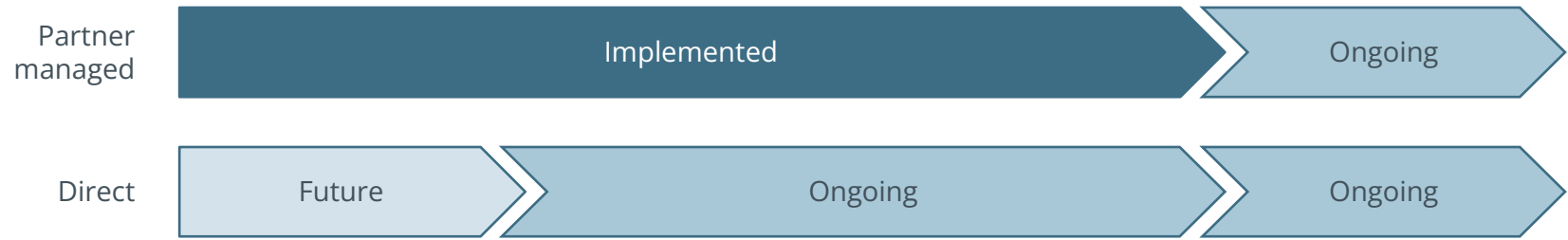
Get started on Limited. Upgrade to Standard for full features

Create account

Standard

Space Pro
35 seats
35 deployed devices

Space Plus
40 seats
40 deployed devices

+ Add seats   Create subscription

Standard

Space Pro
35 seats
35 deployed devices

Space Plus
40 seats
40 deployed devices

+ Add seats   Create subscription

Add seats

Product	Seats
Space Pro	35 35 deployed devices
Space Plus	45 40 deployed devices
Space CO2	0 0 deployed devices
Space CO2 mini	0 0 deployed devices

1 Only for certain geographies; will only be offered after credit check

Keeping cloud cost per device in check – despite launching new computationally heavy functionality

37% YTD decline in cloud computing costs per device despite launch of Occupancy feature in AfB

Cost per device per month[1], Jan. 2022 = 100

Launch of **Occupancy** – computationally heavy functionality

-37%
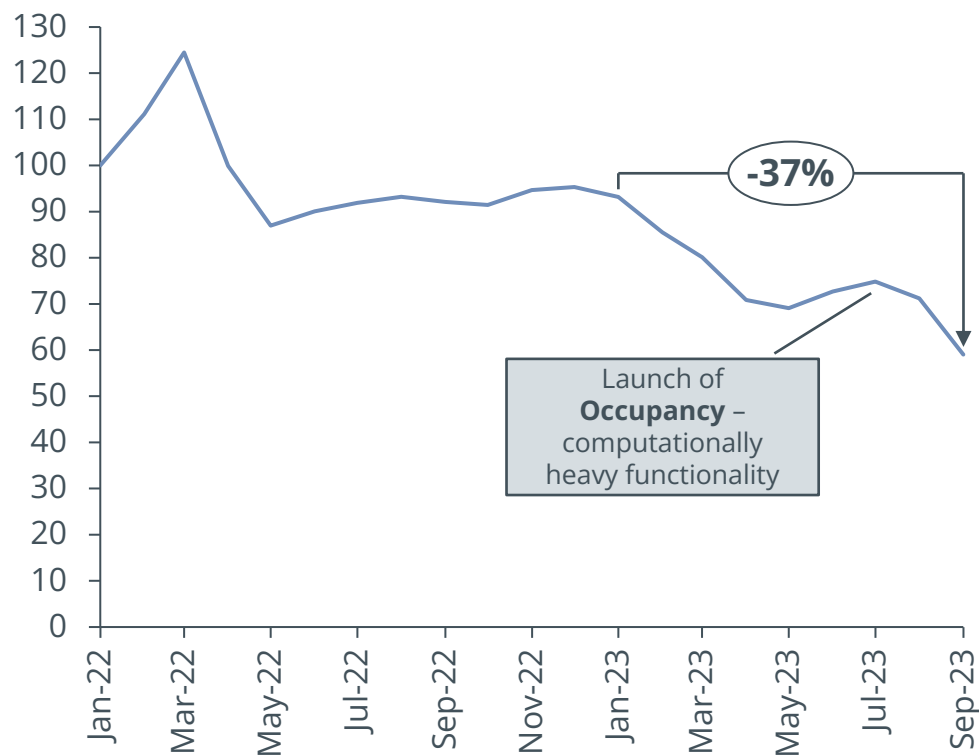
How we did it

"By utilizing **Ray and its distributed computing capabilities**, breaking down computations of virtual sensors into smaller tasks that can be executed in parallel across multiple nodes in our clusters, **we can scale our applications to handle large amounts of data without compromising on throughput or latency**.

In addition to Ray, **we also use Kafka Streams to aggregate and enrich data** from multiple sources that we feed to the algorithms. Adding these two components to our foundation has **enabled us to build much more effective and cost-efficient analytics** products than what we were previously able to do."

David Karlsson
Lead Software Architect

1 Production environment cost divided by devices sending data during the month

Increasing internal productivity through AI

Type of tasks where we are experimenting with AI	Example use-cases

- Developer productivity
- Knowledge article production
- Customer support responses
- Content production
- SEO optimization
- Competitor research
- Internal meetings and project management
    - Creating actions out of notes
    - Summarizing projects
    - Improving writing
    - Regular prompts for individual updates

```
from langchain import PromptTemplate, LLMChain

# Prompt
prompt = PromptTemplate.from_template(
    "Based on this docs: {docs} answer the following question: {question}, be sure to promote Airthings products without being too pushy.",
)

# Chain
llm_chain = LLMChain(llm=llm, prompt=prompt)

# Run
question = "How can  Airthings help you with your air quality? What device should I choose?"
docs = vectorstore.similarity_search(question)
result = llm_chain(docs)

# Output
result["text"]
```
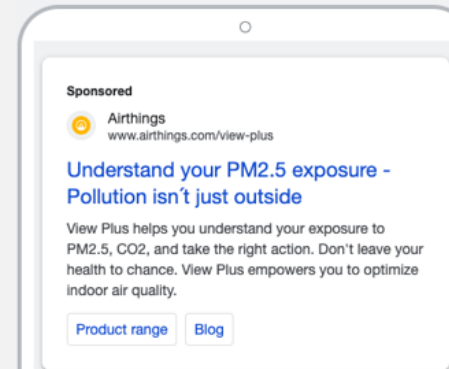
Experimenting with LLMs for AI-powered assistants

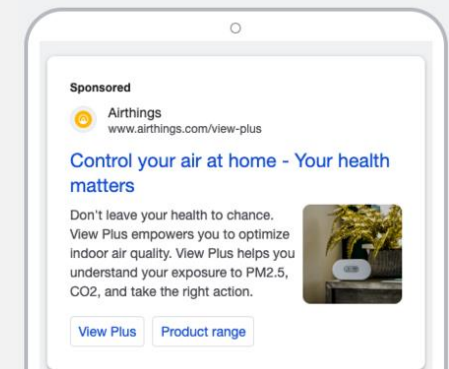**Google ads brainstormed and written using AI**

Sponsored
Airthings
www.airthings.com/view-plus
Understand your PM2.5 exposure - Pollution isn't just outside
View Plus helps you understand your exposure to PM2.5, CO2, and take the right action. Don't leave your health to chance. View Plus empowers you to optimize indoor air quality.
Product range   Blog

Sponsored
Airthings
www.airthings.com/view-plus
Control your air at home - Your health matters
Don't leave your health to chance. View Plus empowers you to optimize indoor air quality. View Plus helps you understand your exposure to PM2.5, CO2, and take the right action.
View Plus   Product range

Concluding thoughts

Focus is on building a scalable Operating model which contributes to improving Customer Lifetime Value

Operation's focus – what we are doing in short:

1 Build a scalable and automated logistics setup and optimize flow of goods to drive down important variable costs such as freight, warehousing, and order handling

2 Increase customer life-time value through no-touch customer acquisition in Airthings for Business and optimizing cost of service across business units, including cloud cost; at the same time freeing up sales time to focus on larger deals

3 Experimenting with AI to increase internal productivity to ensure personnel cost does not scale with revenue and devices deployed

Future Airthings

# of customers

Go-to-market

Product focus

Operating model

Customer LTV[1]

Airthings today
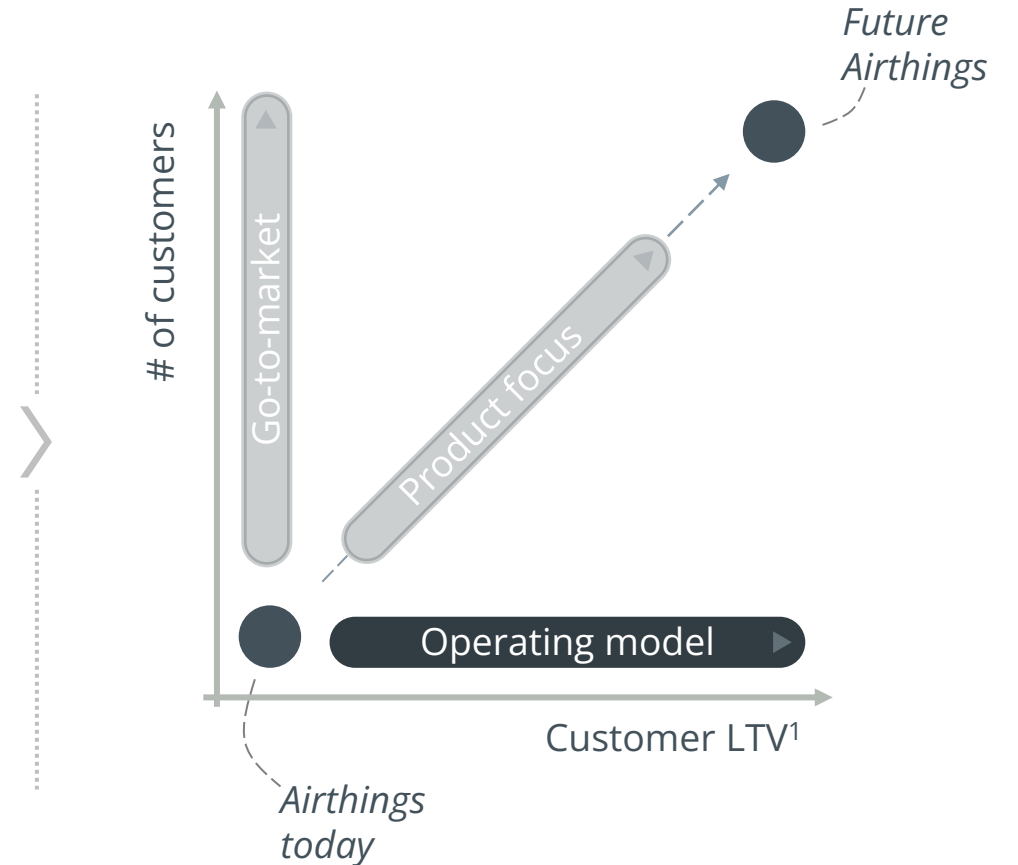
1. Revenues less all applicable variable costs

Finance

"Financial perspective – bringing it all together"

Jeremy Gerst, CFO

Finance

Moving away from providing long-term goals

What we have done	**What we are doing going forward**
Gave a goal of $100M in revenues by 2024 when we originally listed on EuroNext	Continue to be transparent about both our successes and our challenges (e.g., working capital)
Reiterated that goal at the Capital Market Update in 2021	Demonstrate ability to follow our refined strategy by delivering on initiatives we have outlined
Stated we expected to be profitable, on an EBITDA basis, in the second half of 2023	Continue to provide revenue and ARR forecasts for the coming quarter, and deliver within guidance

Result – eroded credibility

Aim – establish trust and long-term value creation

Recapping what has been presented today

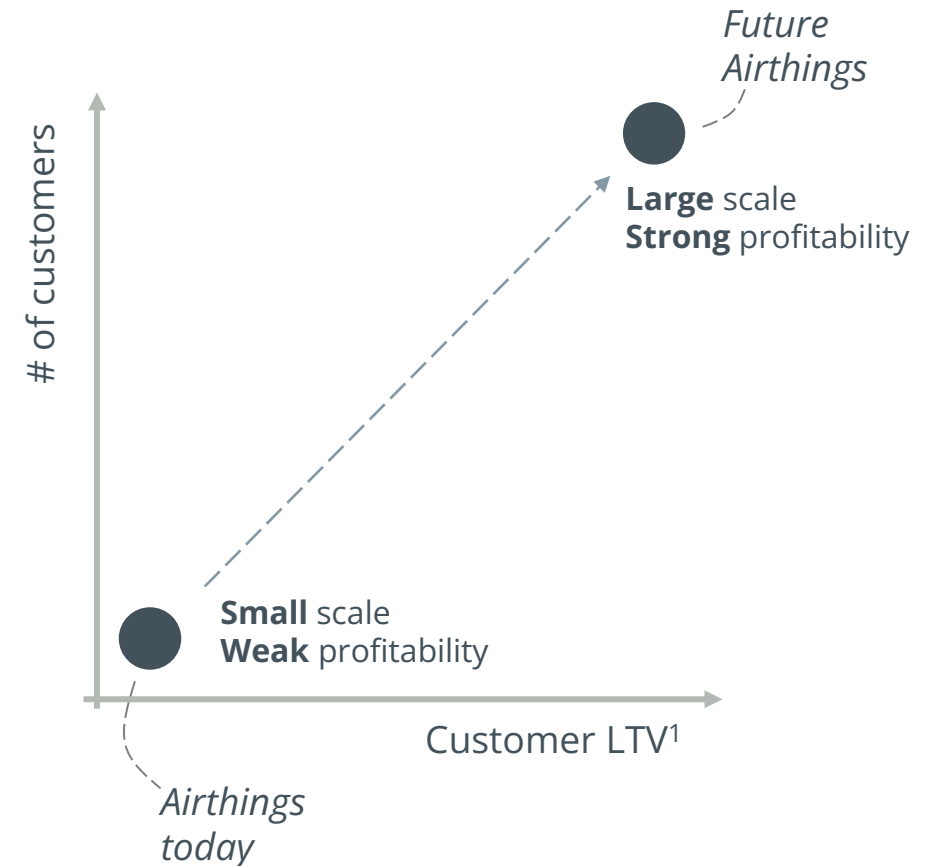Clear initiatives designed to improve our number of customers and lifetime value (LTV)

Area	What they are focusing on
Marketing	• Elevating our brand messaging to differentiate and incorporating emotional and aspirational appeal • Ensure we are reinforcing our premium value proposition throughout the entire customer journey • Improve the relevance and targeting of our PR and performance marketing efforts
Airthings for Consumer	• Heightened focus in our GTM approach with an emphasis on rapid growth in our digital channels • Continue to improve upon on our software offering, strengthen the value proposition of multiroom monitoring, and provide a seamless digital customer journey that encourages organic growth and "word of mouth"
Airthings for Business	• Disciplined GTM approach freeing up capacity within salesforce to focus more on end-users and generating "pull" demand • Address the most pressing issues for end-users - with a focus on energy, IAQ, and facility management – to further strengthen our value proposition
Operations	• Drive down variable costs by implementing improvements to our logistics setup and enhancing efficiency of cloud computing code • Automate as many customer-facing interfaces as much as possible to free up internal capacity and provide a superior experience for end-users

This represents a coordinated effort to improve Airthings's scale and profitability

Coordinated efforts across the organization

Driving future improvement in scale and profitability

Airthings for Consumer

Airthings for Business

Marketing

Operations

Future Airthings

Large scale
Strong profitability

# of customers

Small scale
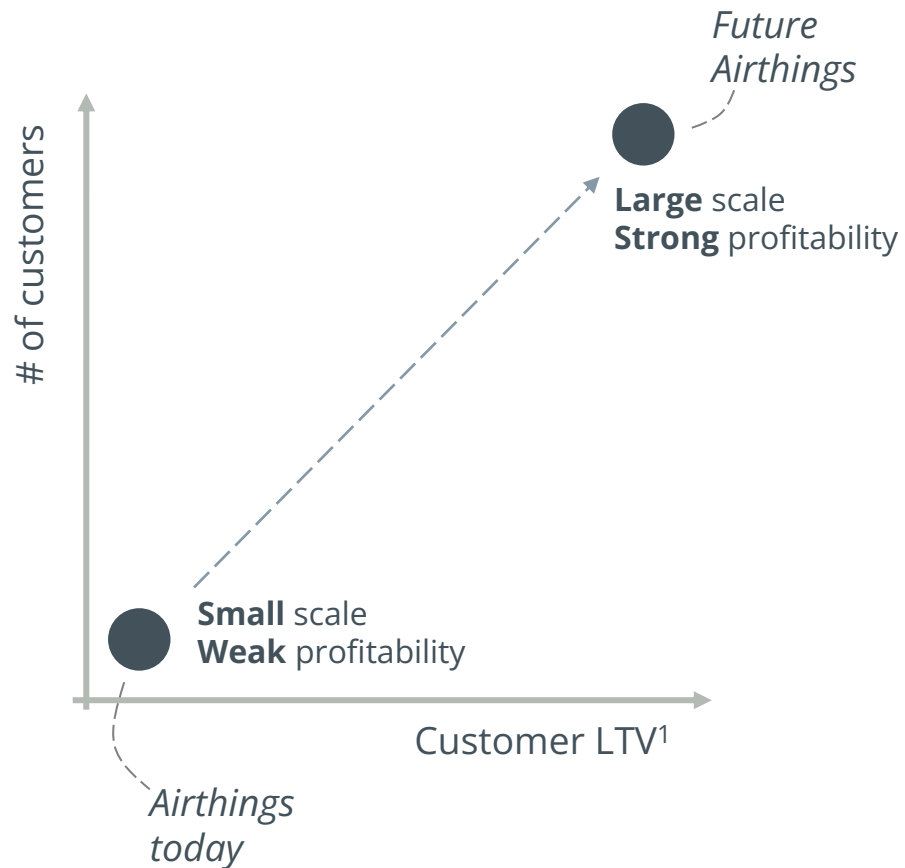**Weak** profitability

Customer LTV[1]

Airthings today

1. Revenues less all applicable variable costs

Translating it to the traditional financial metrics

Growth along these two axes will drive significant improvements in financial figures going forward

What we are building towards ...

... will translate into significant improvements in the financials over time

# of customers

Future Airthings

Large scale
Strong profitability

Small scale
Weak profitability

Airthings today

Customer LTV[1]

Growth in revenues

+

Expansion of gross profit margins

+

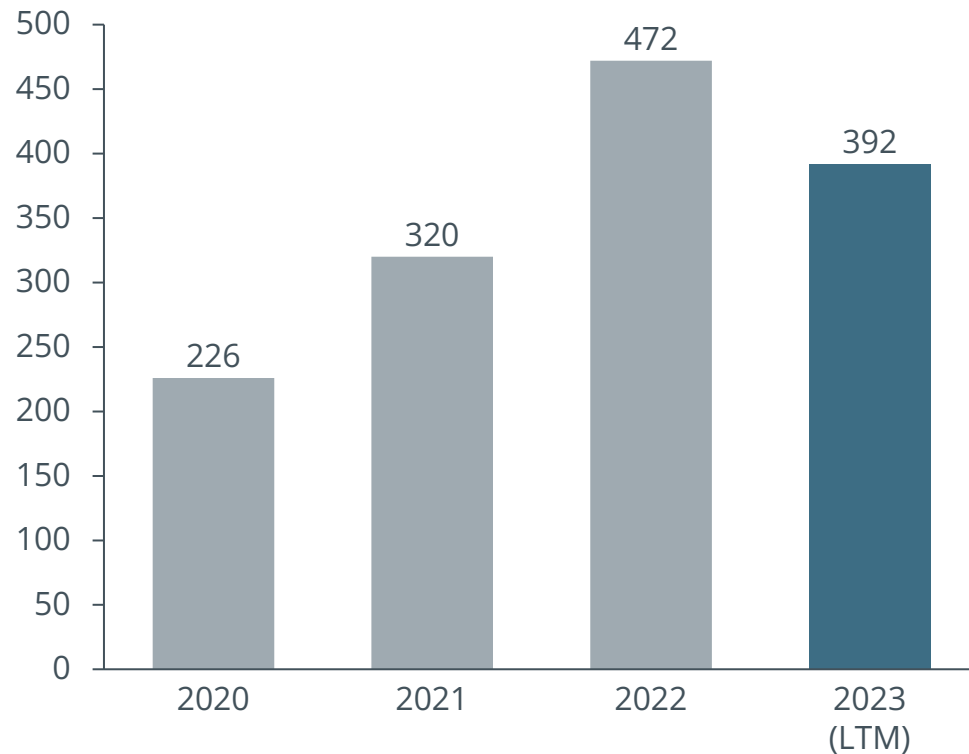OPEX growing **less than 1-to-1** with revenue

Positive and expanding EBIT/EBITDA margins

1. Revenues less all applicable variable costs

We will also not lose focus on improving our working capital situation

Working capital challenges, while improved, persist

Days of Inventory

Year	Days of Inventory
2020	226
2021	320
2022	472
2023 (LTM)	392

Comments

- Remains key focus area

- Takes time to turn around, but progress is being made

- Source of capital going forward, as further improvements are secured, and cash tied up in inventories is freed up
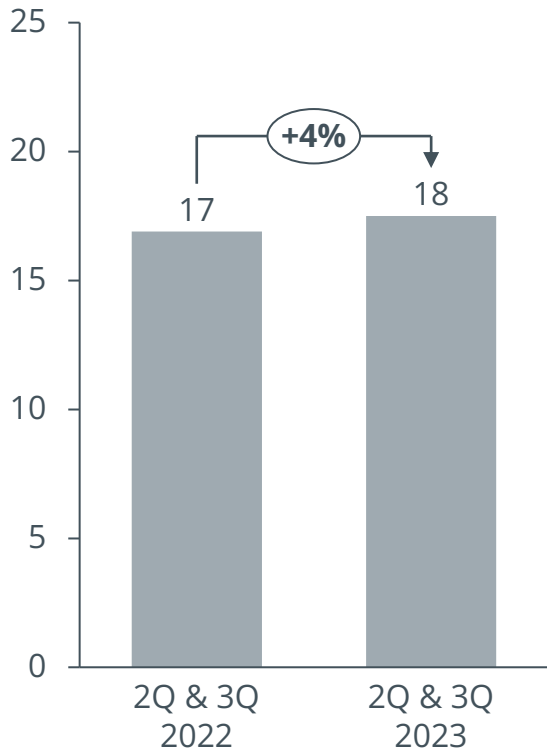
Note: Days of Inventory calculated as Inventories per December 31st in respective year, divided by COGS in that year and multiplied by 365. For 2023 Inventories per September 30th are utilized with average COGS for the trailing 4 quarters multiplied by 90

Recall: Only beginning to implement Airthings 3.0 but already seeing early results

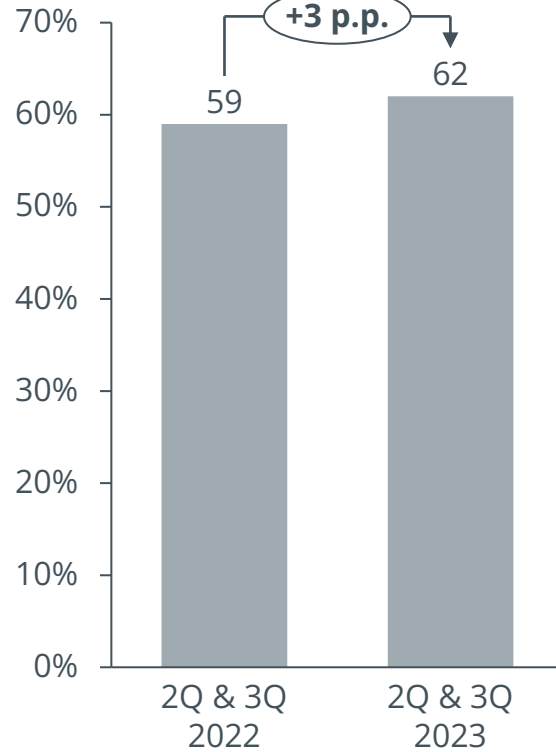Growing revenue and expanding GPM, while keeping OPEX under control

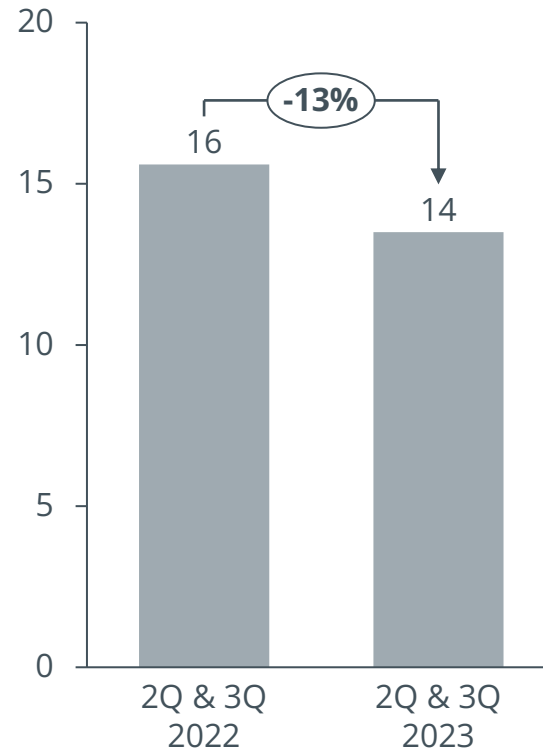| No sacrifice to revenue	Improved GPM	Reduced OPEX	Closer to profitability

Revenues, USD millions

Gross profit margin, %

OPEX, USD millions

EBITDA, USD millions

No sacrifice to revenue
- +4%
- 17 (2Q & 3Q 2022)
- 18 (2Q & 3Q 2023)

Improved GPM
- +3 p.p.
- 59 (2Q & 3Q 2022)
- 62 (2Q & 3Q 2023)

Reduced OPEX
- -13%
- 16 (2Q & 3Q 2022)
- 14 (2Q & 3Q 2023)

Closer to profitability
- +3
- -6 (2Q & 3Q 2022)
- -3 (2Q & 3Q 2023)

End

Thank you