

4Q23 Presentation



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This presentation was prepared in connection with the 4Q results released on February 8th, 2024. Information contained herein will not be updated. The following slides should also be read and considered in connection with the information given orally during the presentation.





Leaders in the invisible

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.

36.6 MUSD

Revenue 2023

43%

CAGR, 2015 - 2023

4.2 MUSD

ARR 2023

Massive market opportunity

376M

residential homes in EU
and North America

Airthings for Consumer



130M

offices in EU
and North America

Airthings for Business



9M

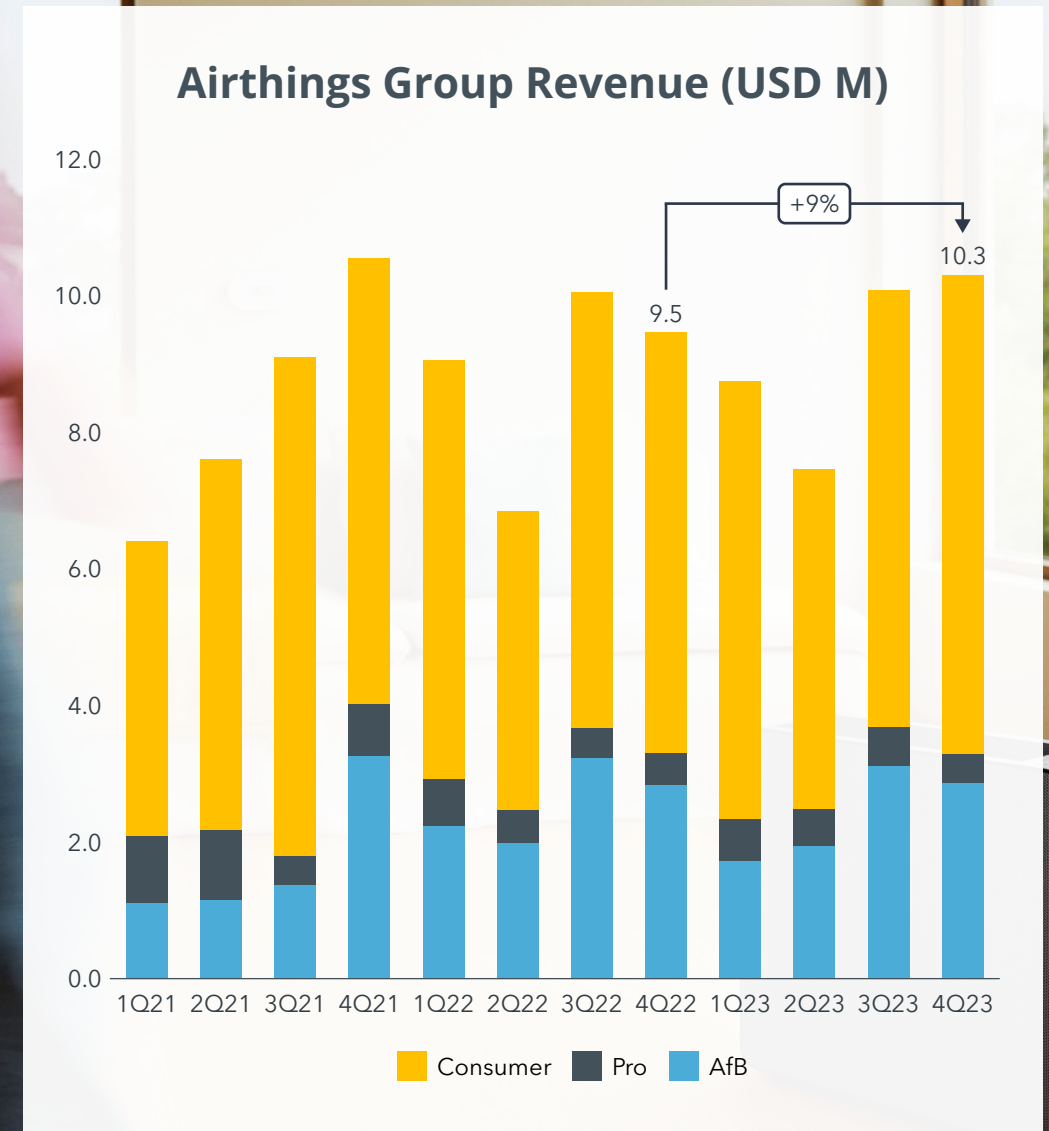
classrooms in EU
and North America

Airthings for Business



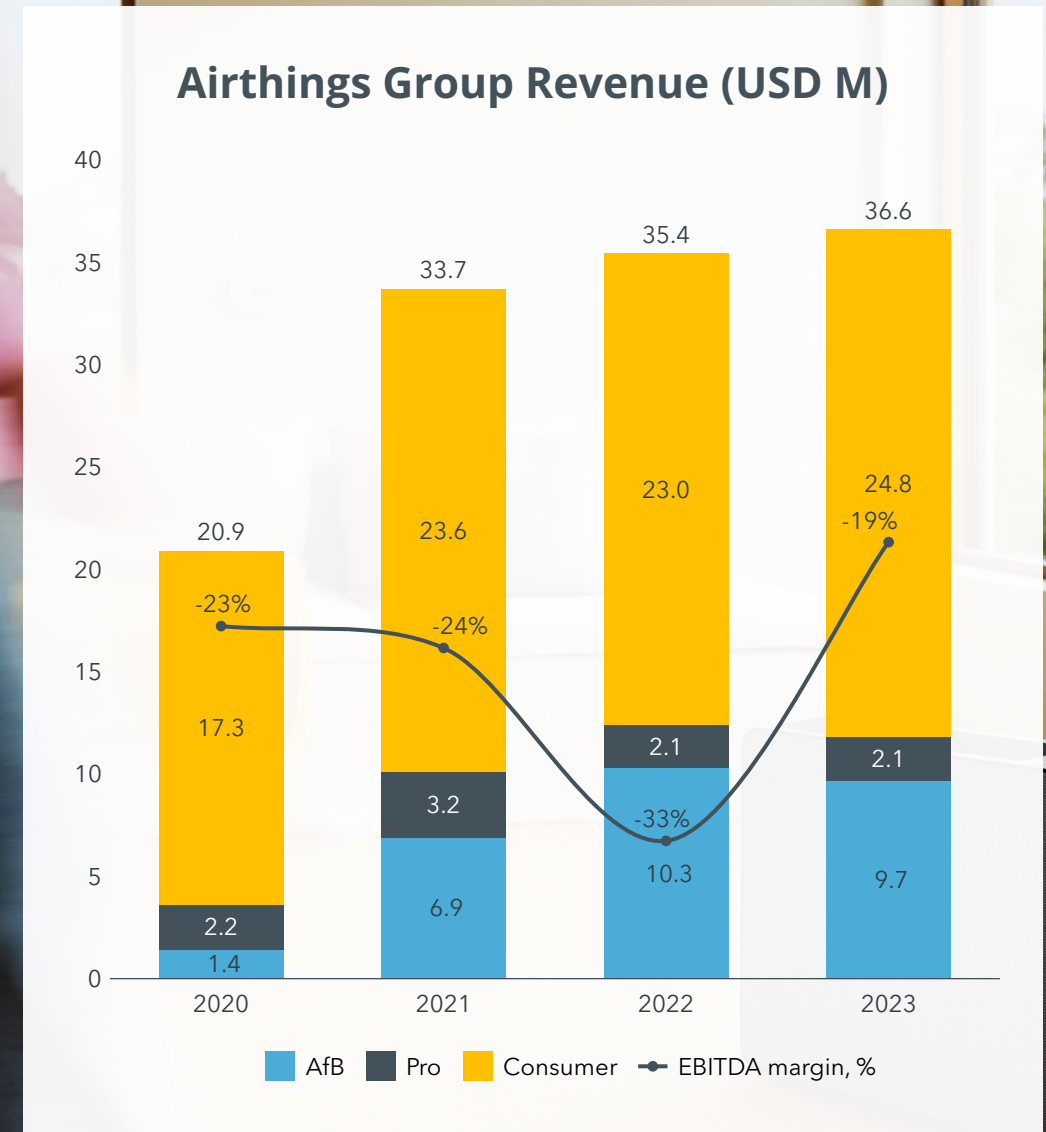
Continued revenue uptick in 4Q23

- Sales revenue of **USD 10.3M**, up 9% YoY
 - Consumer up 14% YoY supported by +100% growth on Airthings.com
- Gross profit margin of **63%**
 - Up 4%-points from 4Q22, up 1%-points from 3Q23
 - Higher margins in Airthings for Business (66%) and consumer (61%)
- 1Q24 revenue guidance of **USD 9 – 11M**



Growth delivered in a challenging year 2023

- Sales revenue of **USD 36.6M**, up 3% YoY
 - Despite challenging market and macroeconomic conditions
- Gross profit margin of **61%**
 - Up 2%-points from 2022,
 - Higher margins in Airthings for Business, up 8%-points YoY to 66%
- On path to profitability following Airthings 3.0 implementation



Recall: Airthings 3.0 strategy

Airthings 3.0, focused around three key pillars

1

Go-to-market strategy

- Own the customer relationship and move towards a digital-first GTM model
- Improve scalability and unit economics
- Narrow geographic focus, and go deeper rather than broader

2

Product focus

- Become a hardware-enabled software company, with a software-first mentality
- Create awesome customer experiences and sell more to existing customers

3

Operating model

- Transition to a more automated way of operating that properly enables growth
- Focus on continuously reducing both variable and fixed costs

... to drive scalable growth and profit over time

Growth in revenues

+

Expansion of gross profit margins

+

OPEX growing less than 1-to-1 with revenue

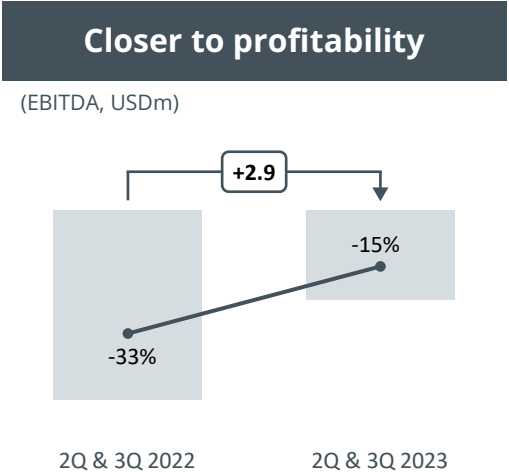
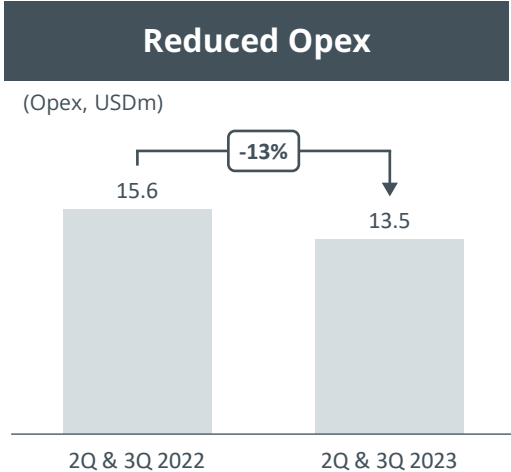
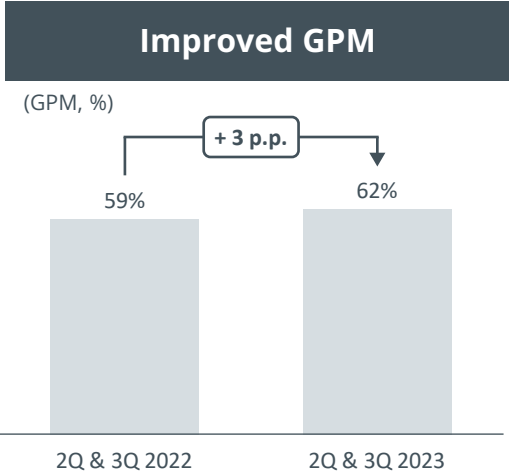
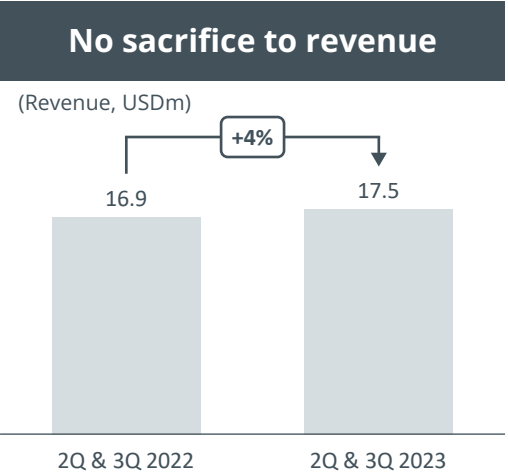
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Positive and expanding EBIT/EBITDA margins

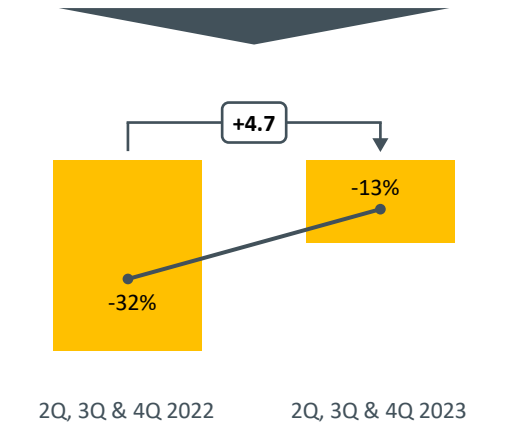
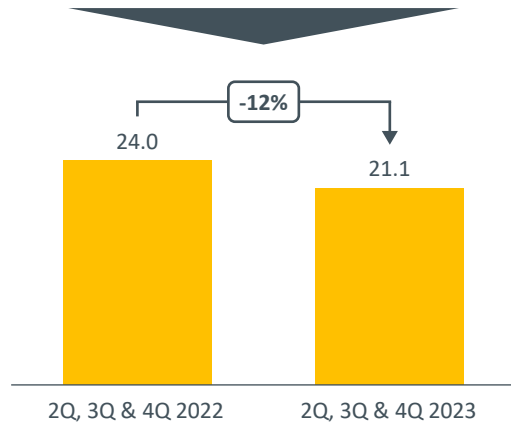
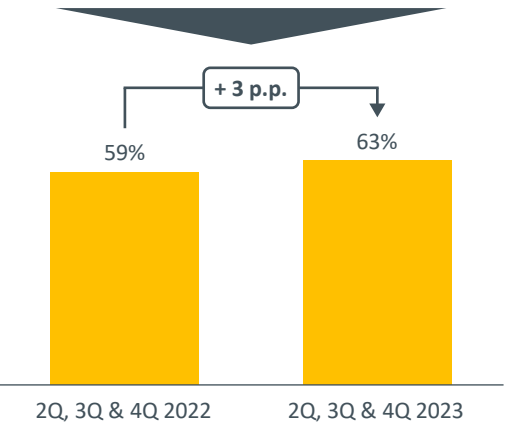
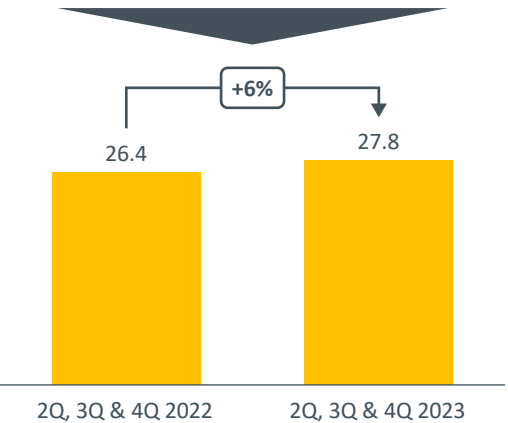
Reinforced improvements after Airthings 3.0

Airthings 3.0 launched in 2Q23

CMU
3Q23



4Q23



EBITDA margin

4Q Highlights

USD 10.3M
in revenue with
improved **GPM**
and **ARR** up to
USD 4.2M



3.0

AIRTHINGS

2023+

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

Scalable growth and profitability

Path to profitability

Airthings 3.0 execution driving reduced inventory
holding cash relatively stable

Current market conditions remains characterized by uncertainty

AIRTHINGS

PRODUCTS

RESOURCES

SUPPORT

COMPANY

ABOUT

CAREERS

CONTACT

Smart air quality monitors you can trust

Find your perfect smart air quality monitor. Our smart air quality monitors are designed to help you breathe better. From a variety of smart air quality monitors, you can find the perfect one for your home or office. All of our smart air quality monitors are designed to help you breathe better. From a variety of smart air quality monitors, you can find the perfect one for your home or office. All of our smart air quality monitors are designed to help you breathe better.

Find your perfect smart air quality monitor

Designed in Norway, trusted by the world

4.5+ average rating on Amazon

1,000,000+ products sold worldwide

Top 5% best-selling smart air quality monitors

100% customer satisfaction

+100% YoY growth on airthings.com

Airthings Renew
smart air purifier launched at CES in Jan 2024

Launched Space Nano, Ventilation Rate, and Wave Enhance
expanding use cases and revenue potential

Airthings Renew launched at CES2024

- Smart Air Purifier – first direct mitigation device
- Views air quality trends and cleanses air directly
- World-class solution to the critical issue of particular matter
- Start of pre-orders with great coverage on global media including Wired magazine
- 4-stage filtering including medical-grade HEPA-13 and active charcoal



Wave Enhance launched at CES2024

- New compact and battery-operated indoor air quality monitor
- Featuring five indoor air quality sensors
 - High-precision CO2 sensor
 - Sensors for airborne chemicals (VOCs)
 - Temperature
 - Humidity
 - Air pressure
- Ideal for bedrooms and home offices



Launched Space Nano

- IP 64 rated for indoor and outdoor use
- 20 years battery lifetime
- Use cases:
 - Remote and unoccupied spaces
 - Outdoor monitoring
 - In-duct HVAC monitoring
 - Air filter lifetime monitoring
 - Basements, and in-wall monitoring
 - Cold storages



HUMIDITY



TEMP



PRESSURE



LUX

VIRTUAL
SENSOR

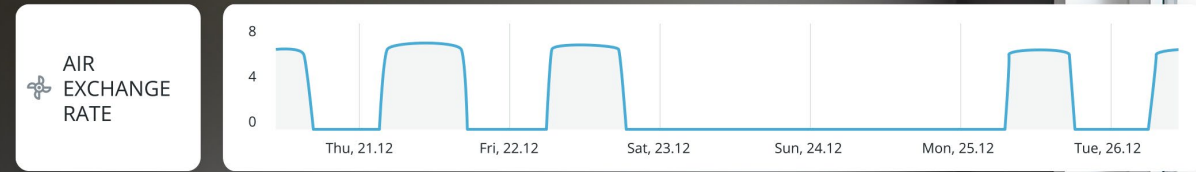


MOLD RISK



Release of Ventilation Rate

- Groundbreaking new virtual sensor
- Estimates Air Exchanges per hour for any room
- Use cases:
 - Full overview of over-ventilated and under-ventilated rooms in any building
 - Significant energy consumption savings
 - Ventilate where needed
 - Regulatory compliance
 - Reduce spreading of virus and bacteria



Update by Segment



Consumer

"Your Air Coach"

For everyone
with a home

Improve quality of living
and health



Business

"Breathing life into buildings"

For every office, school
and public building

Improve health, productivity
& energy efficiency



Pro

For home inspectors
& radon professionals

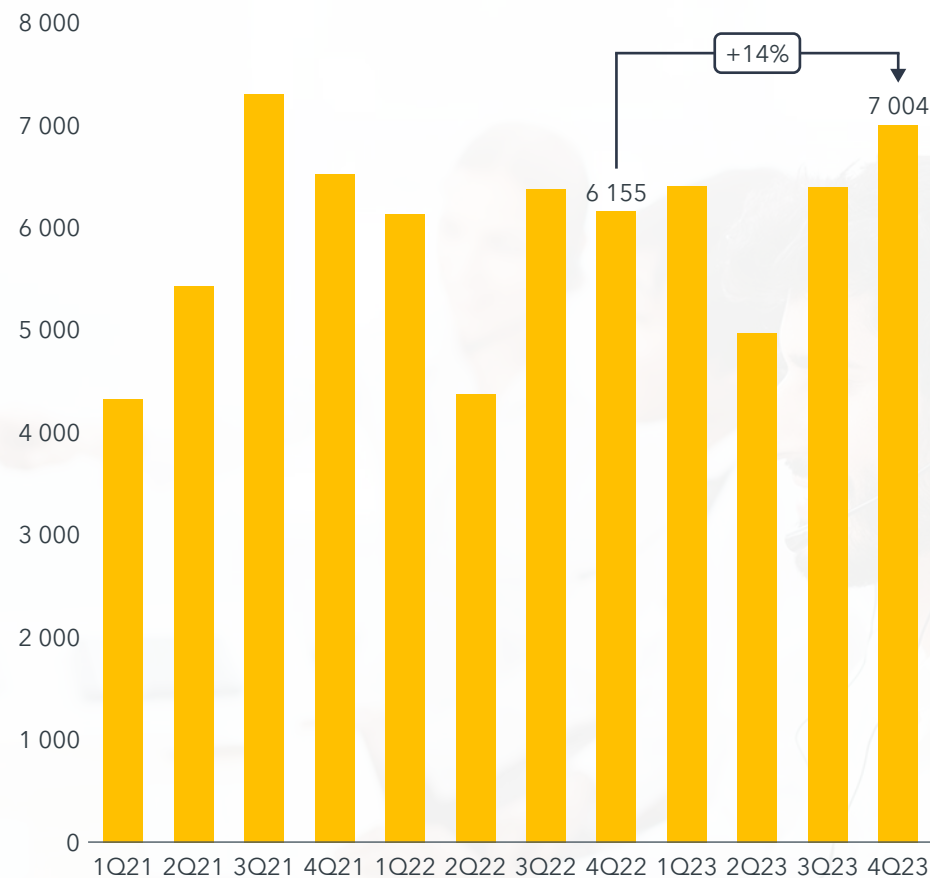


Consumer Segment 4Q Update

- Revenue of **USD 7.0M**, up 14% YoY with underlying growth across all markets
 - Main driver +**100%** YoY growth rate for airthings.com supported by performance marketing
- Gross Profit Margin **61%**, up 2%-points from 3Q23 and 4%-points from 4Q22
 - Boosted by direct-to-consumer channel and product mix offset by promotions
- Strong performance in key distribution channels with elevated and consistent run-rate

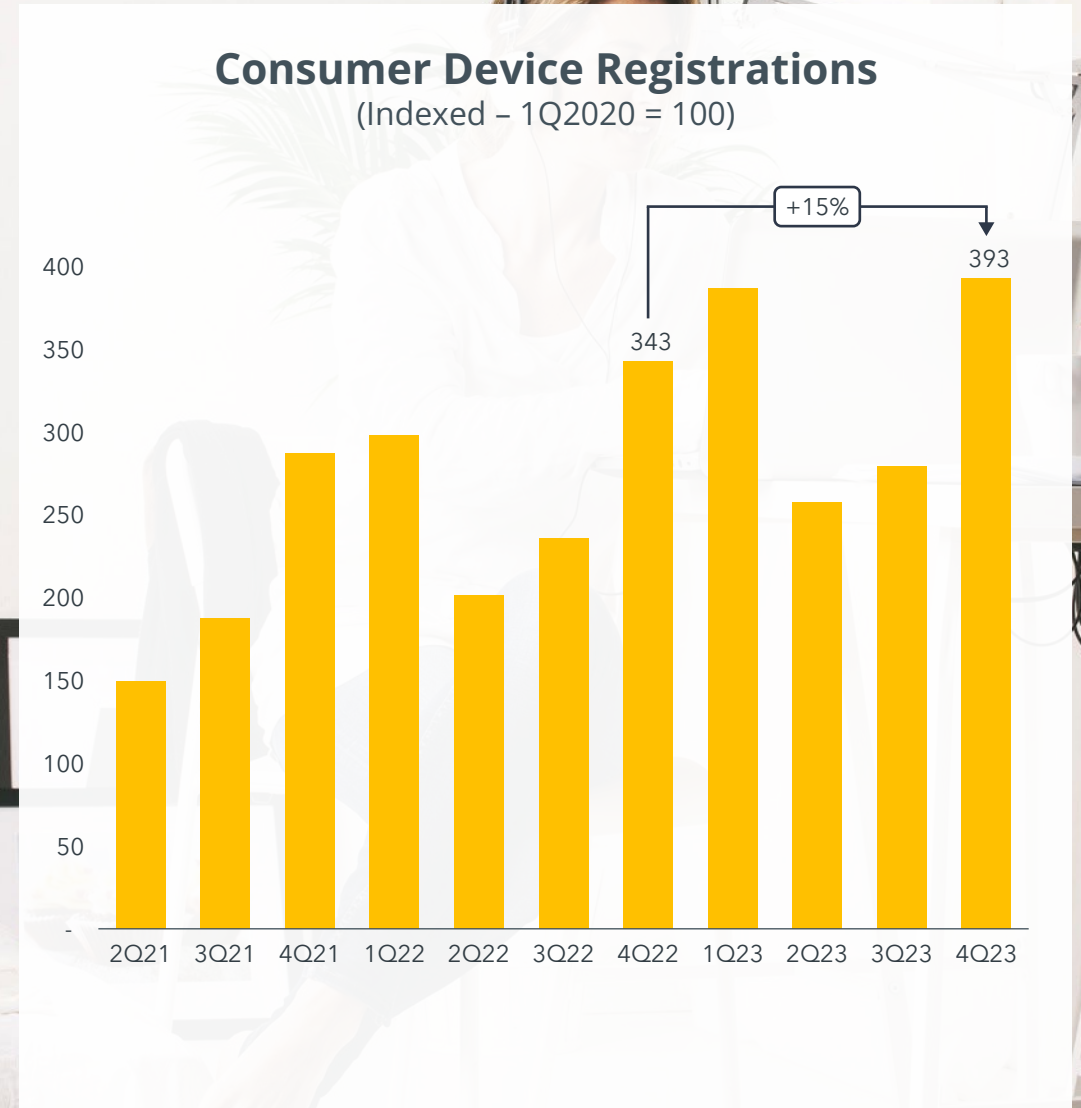


Consumer Sales Revenue (USD'000)

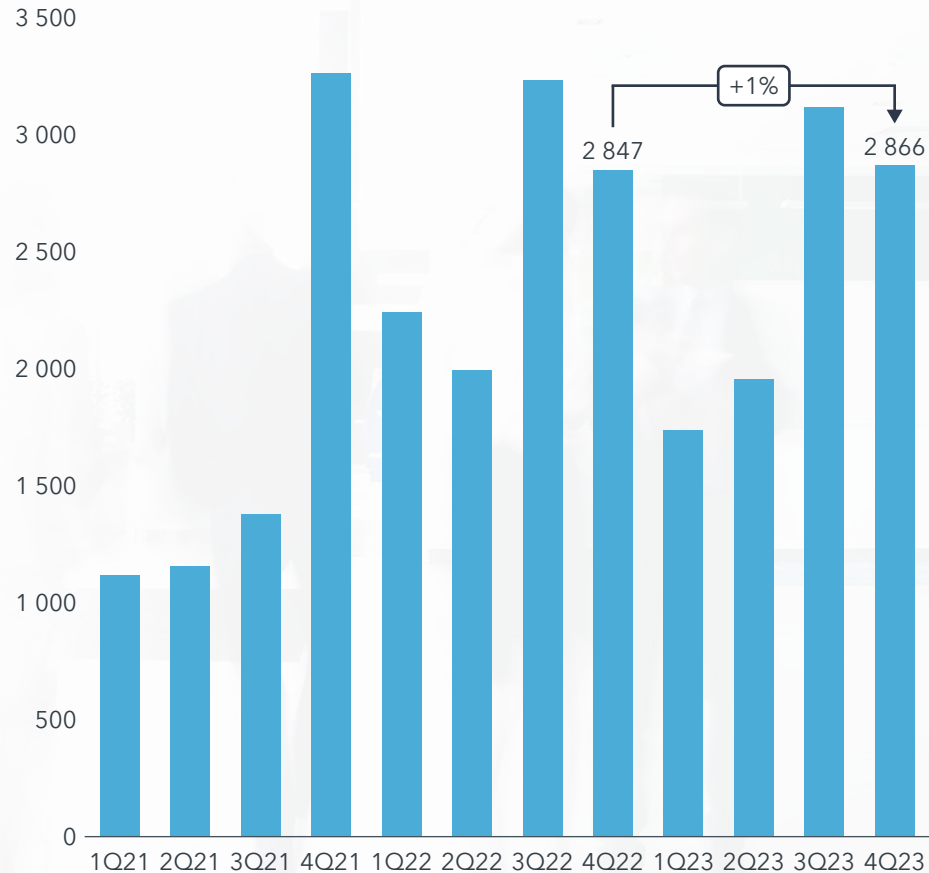


Underlying growth in new device registration

- New devices are registered when linked to an Airthings app
- Proxy for end-user demand of smart devices
- Growth of 15% in 4Q 2023 vs. 4Q 2022
- Growth of 22% in 2023 vs 2022
- Growth in device registrations continues to outstrip revenue growth, due primarily to promotional activity



AfB Sales Revenue (USD'000)

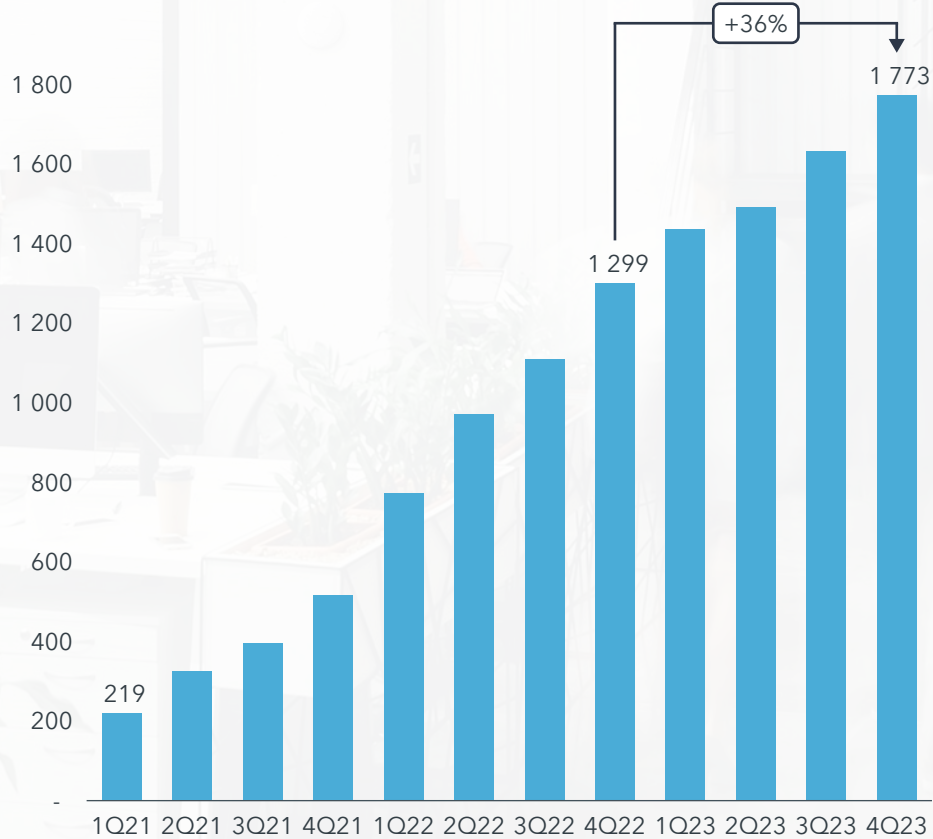


Business Segment 4Q Update

- Sales revenue of **USD 2.9M**, up 1% YoY
- **66%** Gross Profit Margin, up 6%-points from 4Q22 and up 1%-point from 3Q23
 - More direct sales, price increases, and larger share of subscription revenues
- Contract won with another top Fortune-500 enterprise customer
- Business remains heavily effected by large deals causing revenue fluctuation

Devices in the field (AfB)

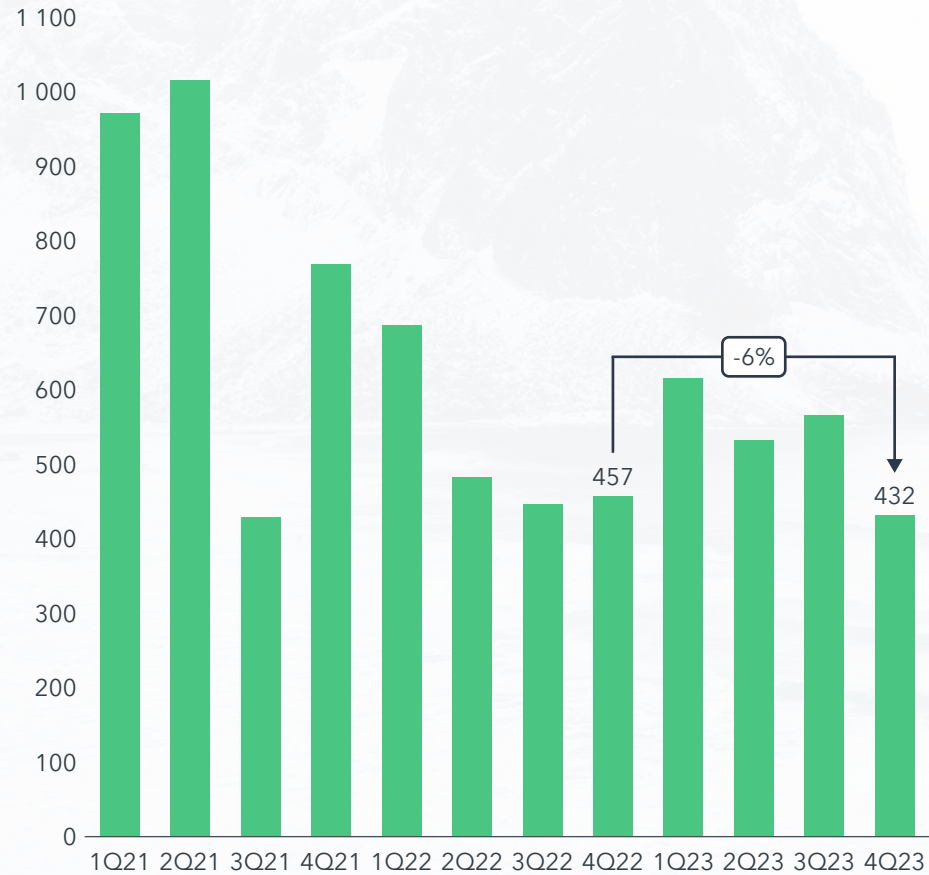
(Indexed - 1Q2020 = 100)



Devices in the field continuing to expand

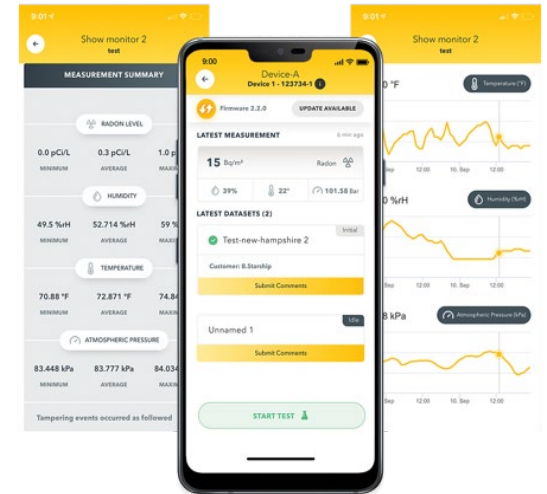
- Devices in the field grew by 36% in 4Q 2023 vs. 4Q 2022, and up 9% vs. 3Q 2023
- Driver of underlying growth in ARR

Pro Sales Revenue (USD'000)



Pro Segment 4Q Update

- Sales revenue of **USD 0.4M**, representing a decline of **6% YoY**
- **88%** Gross Profit Margin up 10%-points from 3Q23, and up 3%-points from 4Q22



Annual Recurring Revenue (ARR)

- ARR of **USD 4.2M**, up 16% YoY overall, with AfB share of ARR up 24% from 4Q22
- **>80%** gross profits from ARR
- 1Q24 ARR guidance of **USD 4.2 – 4.5M**, mainly driven by continued new sales in Airthings for Business



Note: ARR equals annualized sales from all active subscriptions, licenses and service contracts within AfB and Pro. (i.e. subscription service revenues booked in December multiplied by 12)





Financials

Magnus Bekkelund, CFO



Income Statement

Sales revenue of **USD 10.3M** in 4Q23, up 9% YoY

Sales gross margin of **63%**

- Up 4%-points from 4Q22

EBITDA-loss of **USD 1.0M** at **-9% EBITDA-margin** compared to **-29% in 4Q22**

EBIT-loss of **USD 1.3M**

- Depreciation of right-of-use assets for leases and amortization of internally generated intangible assets

(USD'000)	4Q23	4Q22	2023	2022
Total revenue	10 302	9 459	36 592	35 424
Cost of goods sold	3 761	3 863	14 302	14 466
Gross profit	6 541	5 596	22 290	20 959
Sales Gross Margin	63%	59%	61%	59%
Employee benefit expenses	3 912	4 338	15 090	16 654
Other operating expenses	3 594	4 013	14 033	16 090
EBITDA	-965	-2 755	-6 832	-11 785
Depreciation and amortization	364	315	1 516	1 355
Impairment	0	0	0	1 522
Operating profit / EBIT	-1 329	-3 069	-8 349	-14 662
Financial income / (expenses)	-717	-1 212	319	965
Profit (loss) before tax	-2 046	-4 282	-8 030	-13 697
Income tax	-525	-1 032	501	-3 132
Net profit (loss)	-1 521	-3 250	-6 258	-10 565

Earnings per share (USD)

Basic earnings per share	-0.01	-0.02	-0.03	-0.06
Diluted earnings per share	-0.01	-0.02	-0.03	-0.06



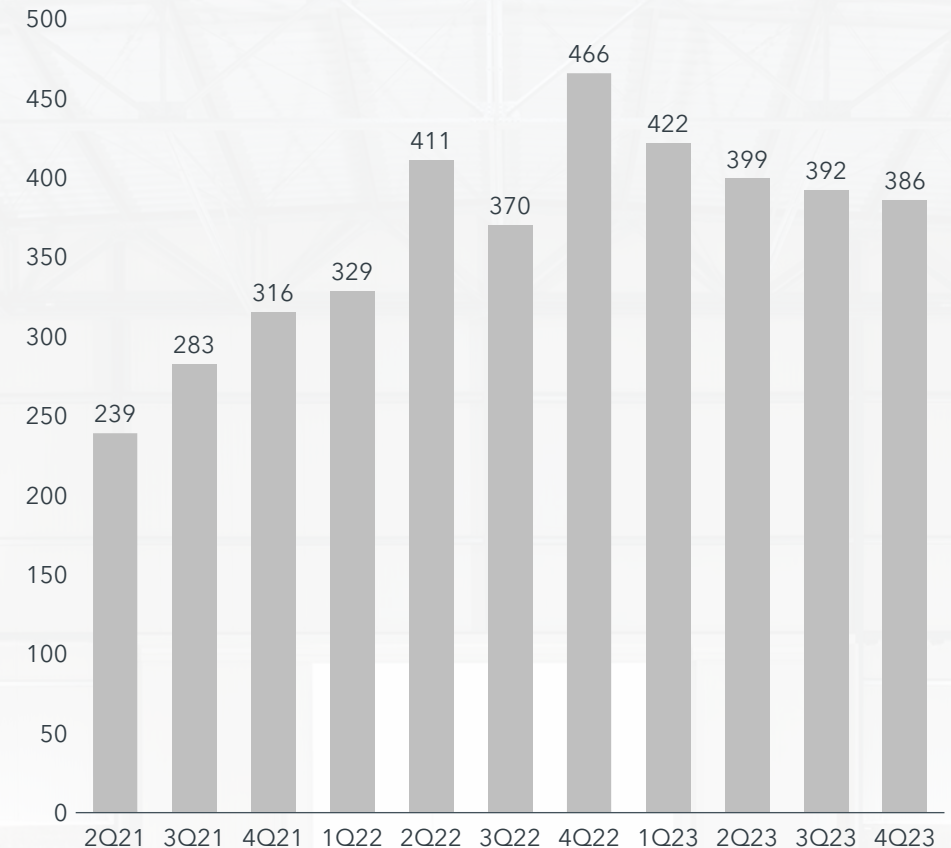
Inventories — continued modest improvement

- **USD 0.4M** decline in overall Inventories over the course of 4Q23
- Modest decline in Average Days of Inventory from 392 to 386
- Reflecting active steps taken such as promotional activities and reduced inbound supply
- Continued focus on reducing inventory levels over the next quarters



Note: Days of Inventory calculation – Inventories / (4 quarter rolling average COGS) * 90 days in quarter

Average Days of Inventory



Balance Sheet

Change in assets

- Deferred tax asset
- Inventories
- Trade receivables
- Cash

Change in liabilities

- Non-current interest-bearing liabilities
- Trade and other payables

(USD'000)	31.12.2023	31.12.2022
Assets		
Goodwill	2 783	2 872
Intangible assets	3 610	2 459
Deferred tax assets	8 849	7 108
Property, plant and equipment	639	830
Right-of-use assets	2 520	3 140
Other non-current assets	111	132
Total non-current assets	18 510	16 541
Inventories	15 320	18 713
Trade receivables	11 175	11 099
Other receivables	5 096	4 115
Cash and cash equivalents	14 553	13 274
Total current assets	46 143	47 202
Total assets	64 653	63 742
Total equity	50 264	50 928
Non-current interest-bearing liabilities	1 376	0
Non-current lease liabilities	1 903	2 554
Other non-current liabilities	108	125
Total non-current liabilities	3 388	2 679
Current lease liabilities	885	850
Trade and other payables	6 526	6 177
Contract liabilities	1 368	1 111
Income tax payable	73	60
Other current liabilities	2 150	1 938
Total current liabilities	11 001	10 137
Total equity and liabilities	64 653	63 742



Cash Flow Statement

- **Cash flow from operating activities USD -1.3M**
 - Loss before tax offset, net financial items and reduced inventories
- **Cash flow from investment activities of USD -0.1M**
 - Development expenditures and interest received
- **Cash flow from financing activities of USD -0.2M**
 - Lease liabilities
- **Net unrealized foreign exchange difference of USD 0.7M**
- Received credit approval for renewal of RCF with Danske Bank
 - The size of the facility will be USD 6 million



Summary and outlook



Summary

- Revenue of USD 10.3M, ARR of USD 4.2M, and Gross Profit Margin of 63%
- Reinforced improvements after Airthings 3.0 with increased revenue, improved gross margin, reduced operating costs and consequently closer to profitability
- Consumer segment up 9% YoY mainly driven by +100% growth in sales on airthings.com from improved performance marketing and strong sell-through in key distribution channels
- Airthings for Business revenue up 1% YoY in market heavily affected by timing of large deals, contract won with top Fortune-500 enterprise customer and ARR from AfB up 24% YoY
- Continued improvement in overall inventory levels as well as Days of Inventory, albeit modest
- Stabilizing cash position supported by reduced inventories despite cyclical fluctuations in other working capital factors



1Q24 Outlook

- 1Q24 revenue estimated at USD 9.0 – 11.0M
- ARR expected to grow to USD 4.2 – 4.5M by the end of the first quarter of 2024
- Emma Tryti takes over as CEO on March 4th, 2024

Guidance 1Q24

Revenue and ARR guidance (USD M)	1Q24
Revenue	9.0 – 11.0
Annual Recurring Revenue	4.2 – 4.5



Long-term outlook supported by lasting factors and megatrends

Consumer Segment



Health
tech



Smart
home

- We spend **90%** of our time indoors, where the air is **2 to 5 times** worse than outside
- Radon is the **leading cause for lung cancer** among those that do not smoke
- The EU is estimating that **350,000 premature deaths** are caused by fine particulate matter annually, carrying a yearly economic cost of up to EUR 940 billion
- About **55 million people** have asthma in the US and Europe combined. Particle pollution is found to be a major cause of asthma
- Rapid increase in instances of wildfires in the US and globally showing an **increase in the risk** of both cardiovascular- and respiratory-related effects
- Increasing IoT adoption is **fueling growth** of smart home market going forward

Business Segment



Sustainability



Energy
efficiency



Regulations

- **~4/5** of today's building will still exist in 2050 – meaning we need to find ways to improve their sustainability
- **40%** of global energy consumption comes from commercial buildings – representing an enormous opportunity to save costs and CO2
- Most existing buildings don't have an automated system for HVAC control
- **6 out of 10 students** are exposed to CO2 levels higher than the recommended threshold of 1,000 ppm
- Regulation and Legislation for building energy performance and health of workers
- IoT and digitalization for more efficient facility management
- ESG and sustainability



Breathe better. Live better.

Q&A

