

# 1Q23 Presentation



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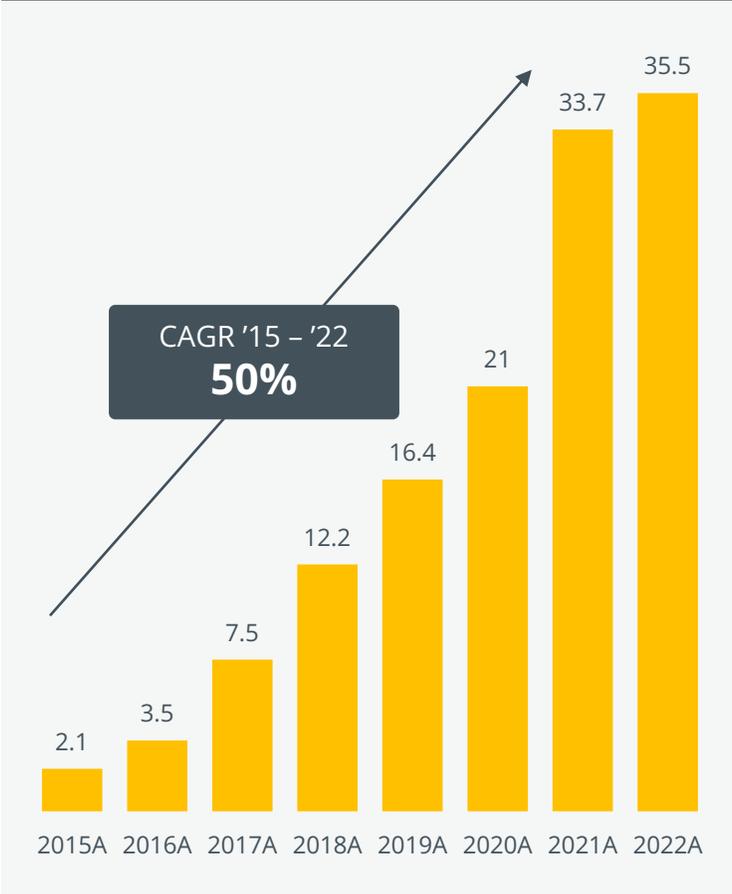


# Purpose

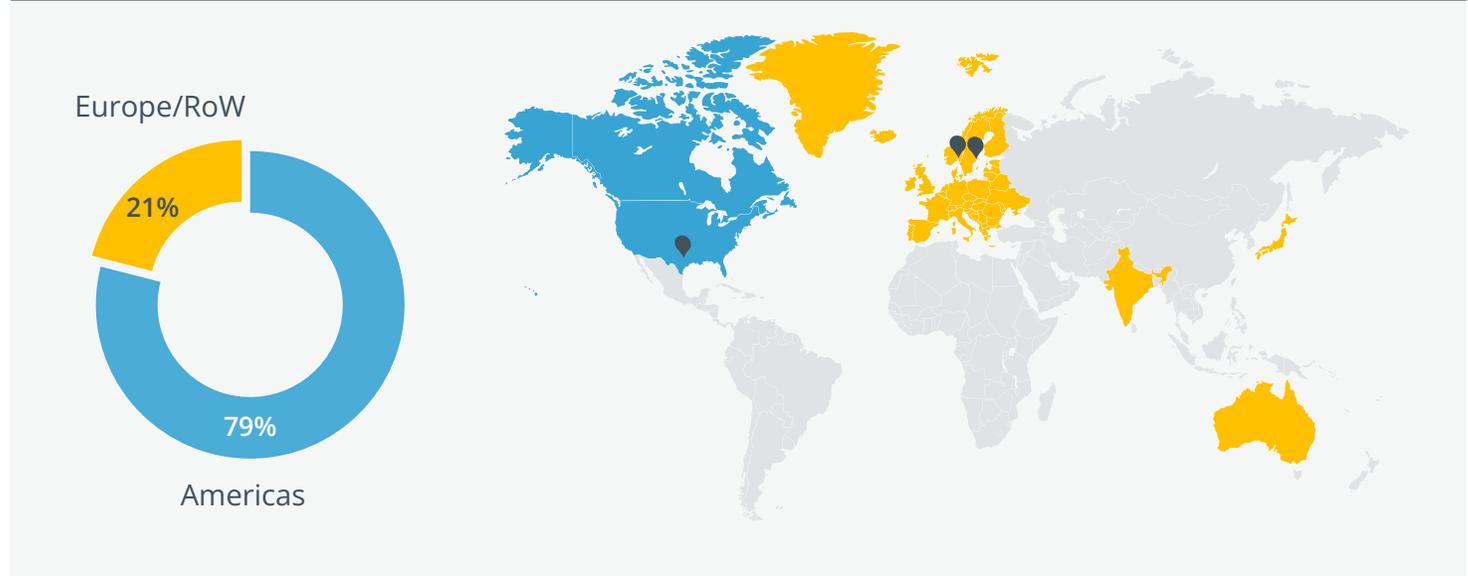
Empower the world to **breathe better**

# High-growth and **expanding business**

REVENUE (USD M)



REVENUE SPLIT (1Q23)



KEY Consumer CHANNELS



SELECTED Airthings for Business PARTNERS

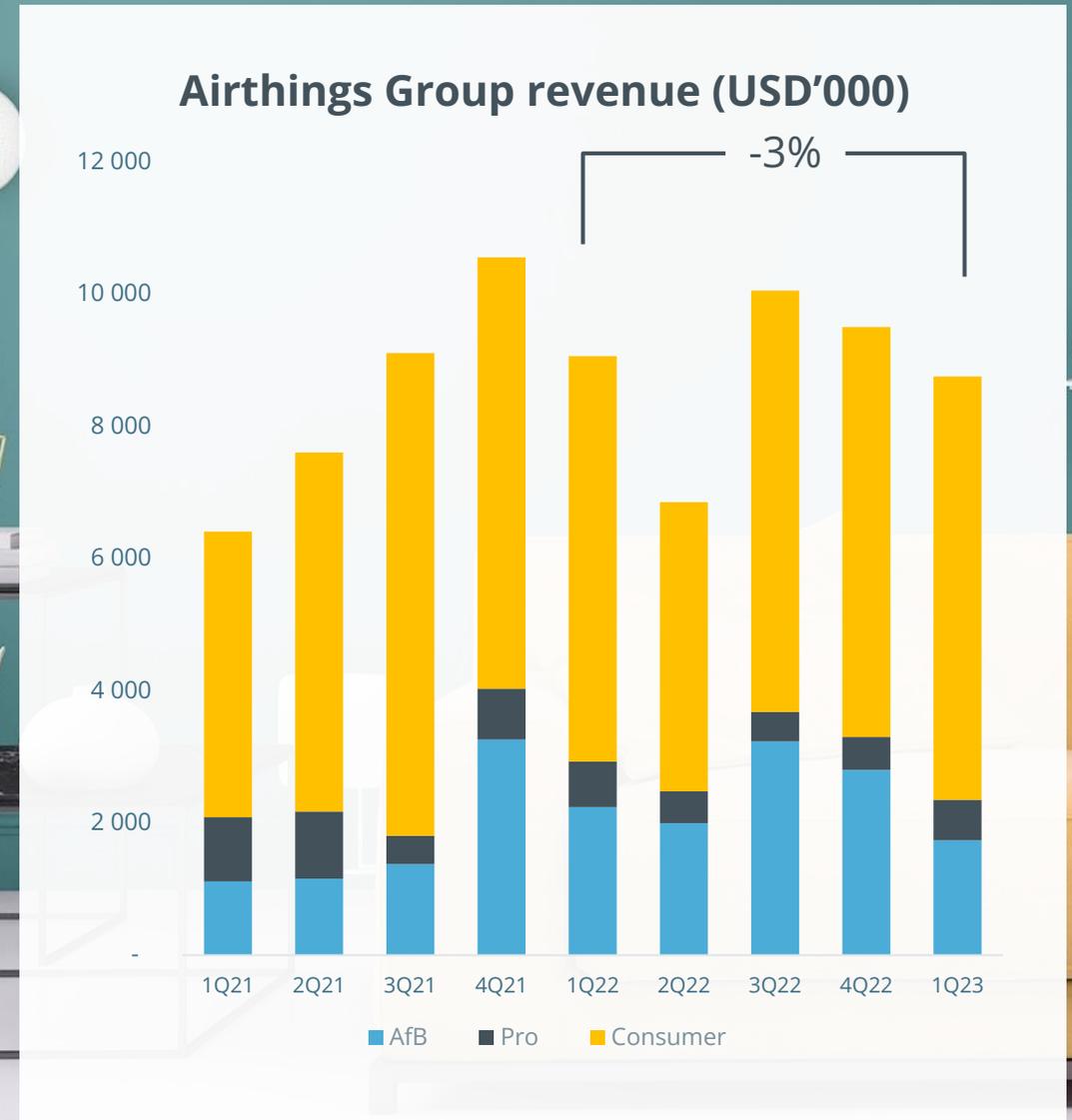


AWARENESS



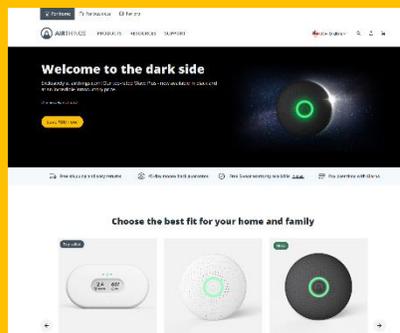
# Largely flat first quarter

- Sales revenue of **USD 8.8M**, down 3% YoY
  - Modest growth in Consumer segment supported by promotional activities
  - No large rollouts in 1Q23 for Airthings for Business. Some key projects delayed
- Gross profit margin of **56%**
  - Heavy promotional activity in Consumer segment
- 2Q23 revenue guidance of **USD 7.0 – 9.0M**



# 1Q Highlights

**30% growth** in  
Consumer  
smart device  
registrations



Launched **new**  
Consumer  
website

Annual Recurring  
Revenues (ARR) up  
27% YoY overall to  
**USD 4M**. With 43%  
YoY growth for AfB

Channel  
partners  
demonstrating  
continued  
caution and  
orders being  
pushed out in  
time

Successful inventory  
reduction of **USD 1.6M**  
from combination of  
promotional activities  
and negotiated  
reduction in inboard  
inventories from key  
suppliers

**Further strengthening of  
Airthings's balance sheet**

with 75 MNOK capital raise  
&  
grant plus loan of 41 MNOK secured with  
Innovasjon Norway<sup>1</sup>



Refinement of Airthings's  
strategy focused on three  
key pillars

# Brand awareness

- Continued coverage in leading publications around the world
- Most successful Airthings Masters chess tournament ever, with 11M+ live views
- Listed in Fortune's 25 Top Health and Wellness Products for 2023
- Continued partnership with American Lung Association as part of US Radon Action Month



# Update by Segment



## Consumer

For everyone  
with a home



## Business

For commercial &  
public buildings



## Pro

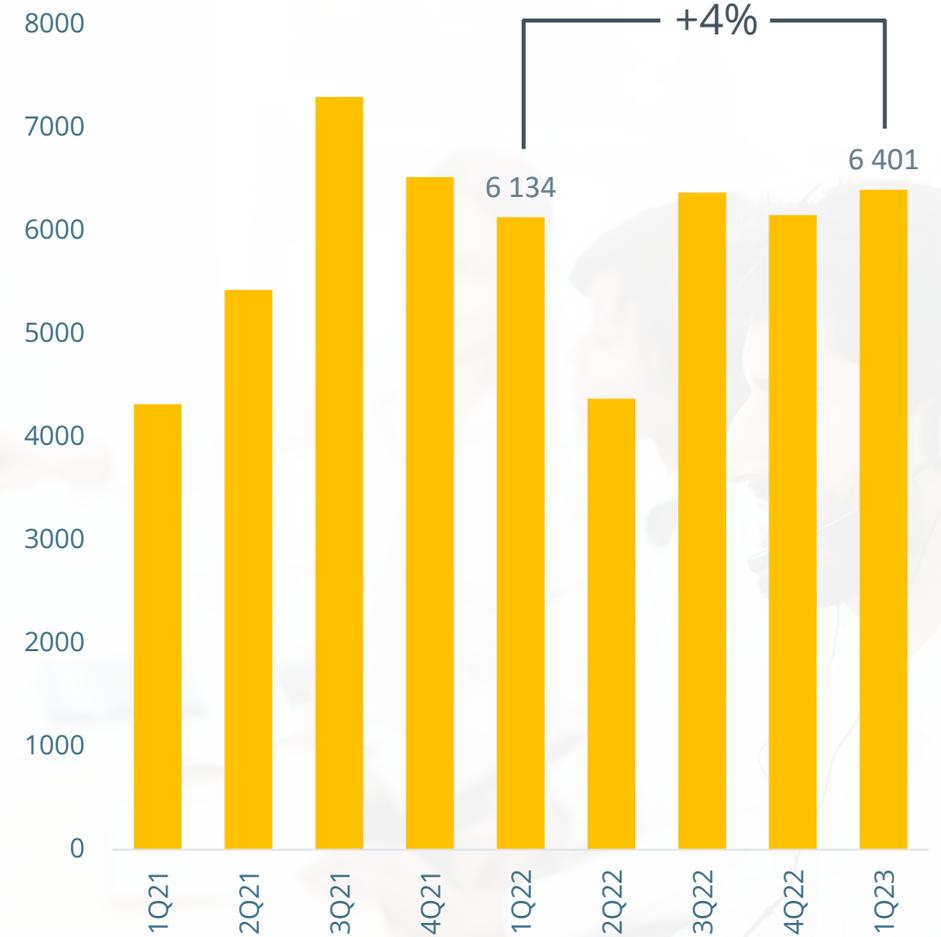
For home inspectors &  
radon professionals



# Consumer Segment 1Q Update

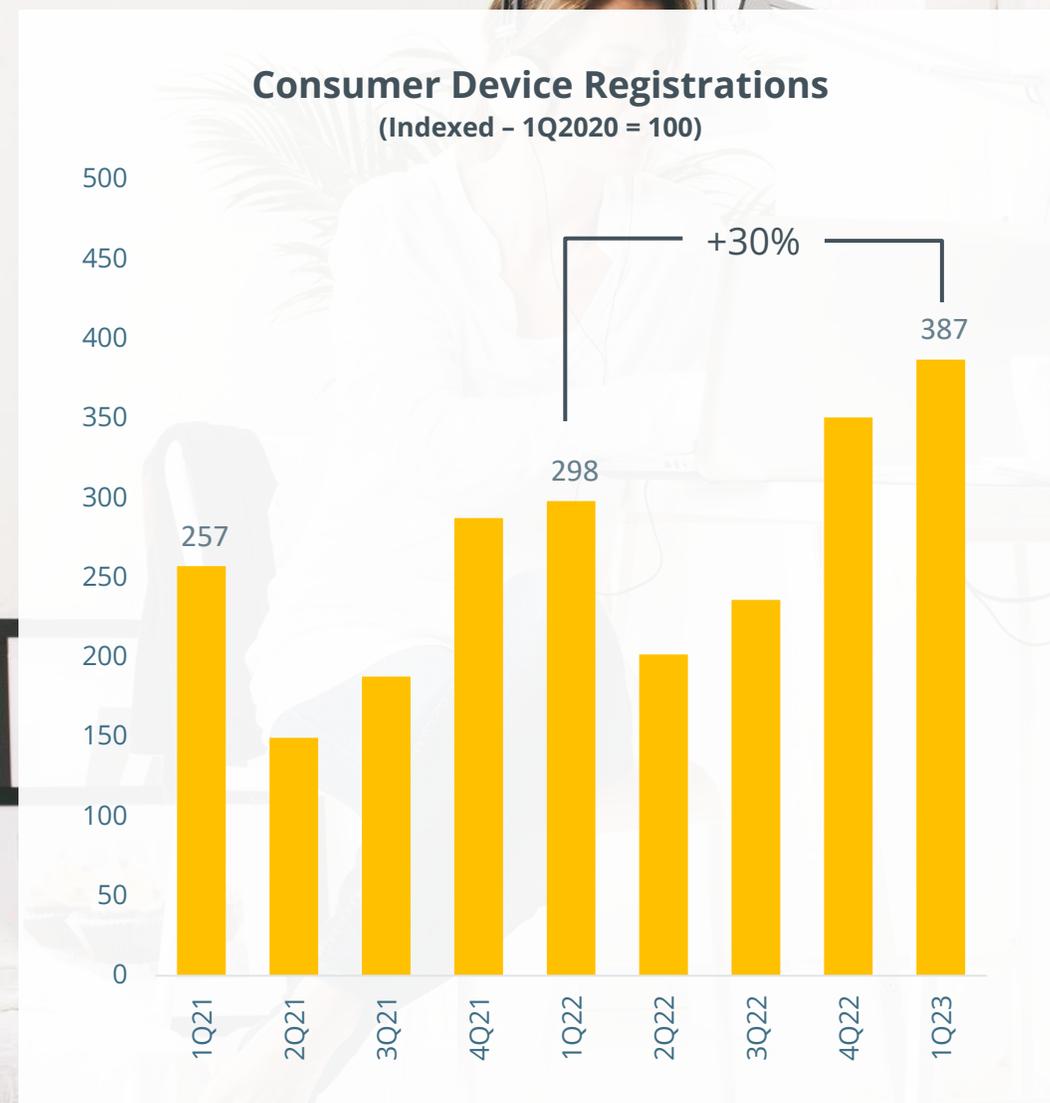
- Revenue of **USD 6.4M**, up 4% YoY
- Gross Profit Margin was **49%** in **1Q**, down ~8%-points from 4Q22
  - Intensive promotional activities to reduce inventory levels
- Increased focus and growth on D2C from airthings.com
- Device registrations continues to demonstrate strong end-demand

Consumer Sales Revenue (USD'000)



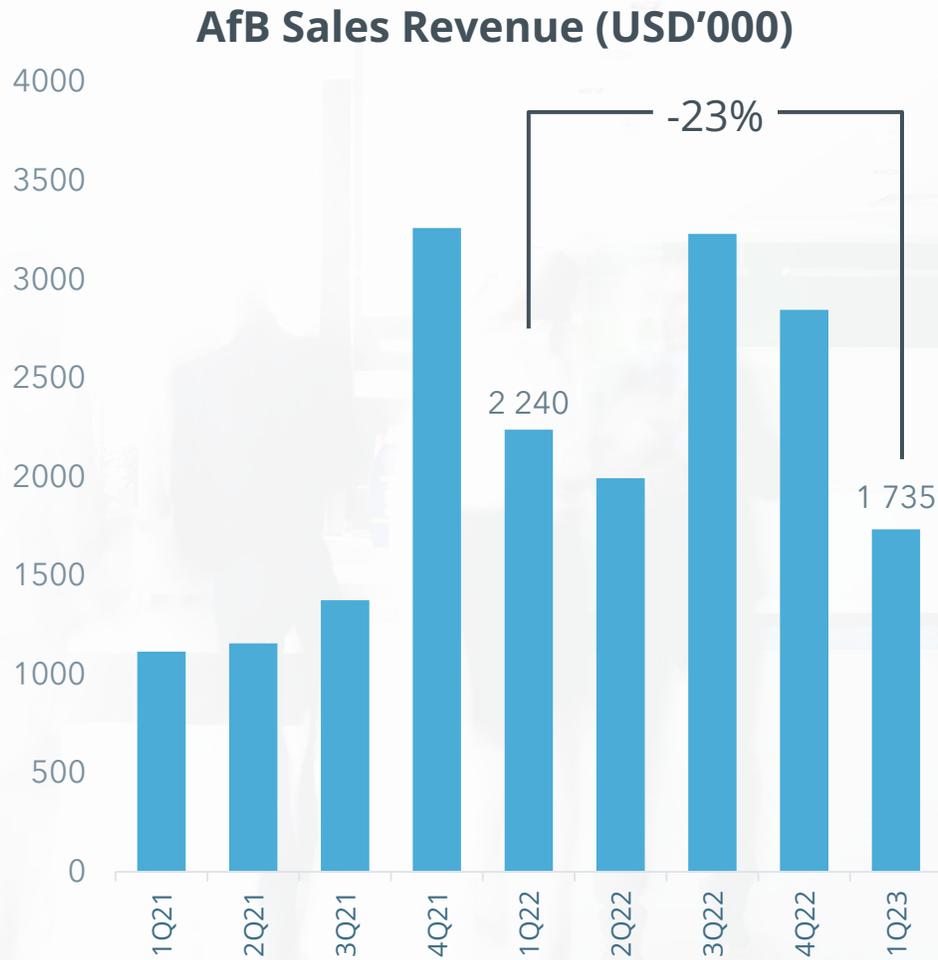
# Continued growth in Consumer device registrations

- New devices are registered when linked to an Airthings app
- Proxy for end-user demand of smart devices
- Growth of 30% in 1Q 2023 vs. 1Q 2022
- Growth in device registrations outstripped revenue growth due to promotional activities in the quarter



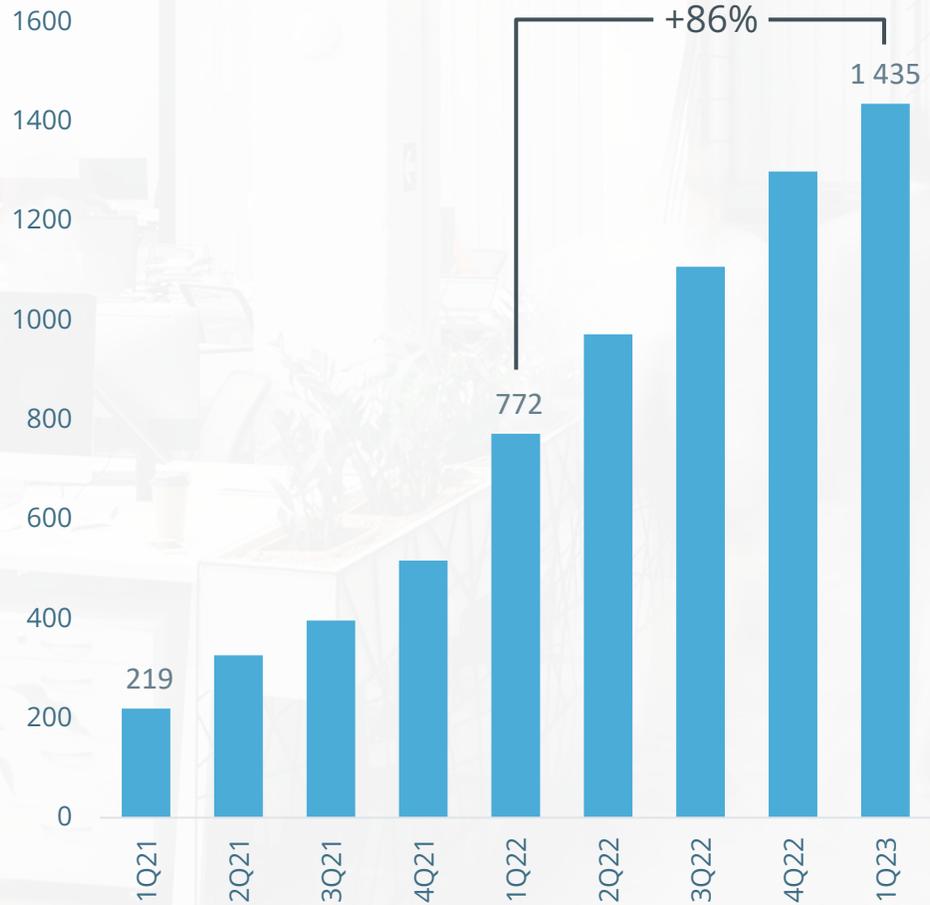
# Business Segment

## 1Q Update



- Sales revenue of **USD 1.7M**, down 23% YoY
- **69%** Gross Profit Margin
  - Higher than typical due to larger share of subscription revenues
- Despite some short-term market headwinds, we won some key projects
  - Major Ivy League university in the US
  - Started a large rollout with one of the global top tier service and consultancy companies
  - Continued expansion with Norwegian municipalities

**Devices in the field (AfB)**  
(Indexed - 3Q2020 = 100)



# Devices in the field continuing to expand

- Devices in the field grew by 86% in 1Q 2023 vs. 1Q 2022, and up 10% vs. 4Q 2022
- Driver of underlying growth in ARR

# Case study: Hamar Municipality in Norway

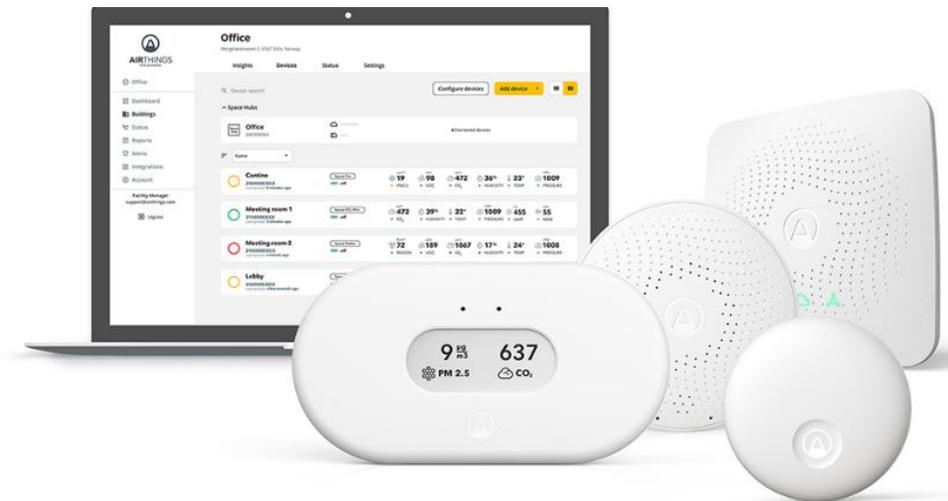


Hamar  
kommune

- 1,500 Airthings air quality monitors installed
- Based mostly on the data and insights from Airthings, reduced their energy consumption with **2 million kWh** from 2021 to 2022
  - Corresponding to a savings of over **NOK 6 million** and a payback period of **less than a 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

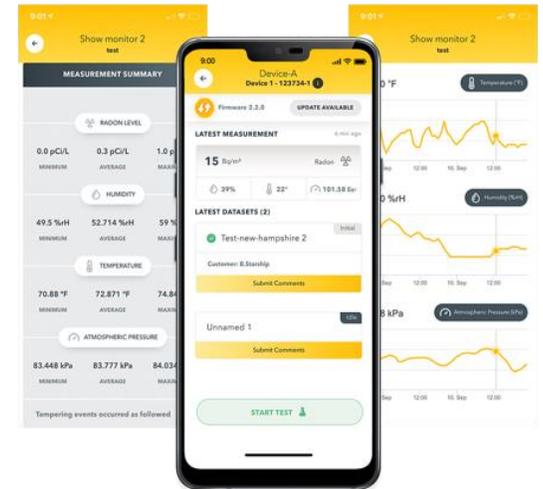


## Pro Sales Revenue (USD'000)



# Pro Segment 1Q Update

- Sales revenue of **USD 0.6M**, representing a decline of **10% YoY**
- Challenging home inspector market, leading to slow sales in the segment
- **87%** Gross Profit Margin up 2%-points from 4Q22



# Annual Recurring Revenue (ARR)

- ARR of **USD 4.0M**, up 27% YoY overall, and up 43% YoY for AfB
- Growth in ARR driven by increases in both the Airthings for Business and PRO segments
- **>80%** gross profits from ARR
- 2Q23 ARR guidance of **USD 4.0 - 4.3M**, mainly driven by continued new sales in Airthings for Business

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





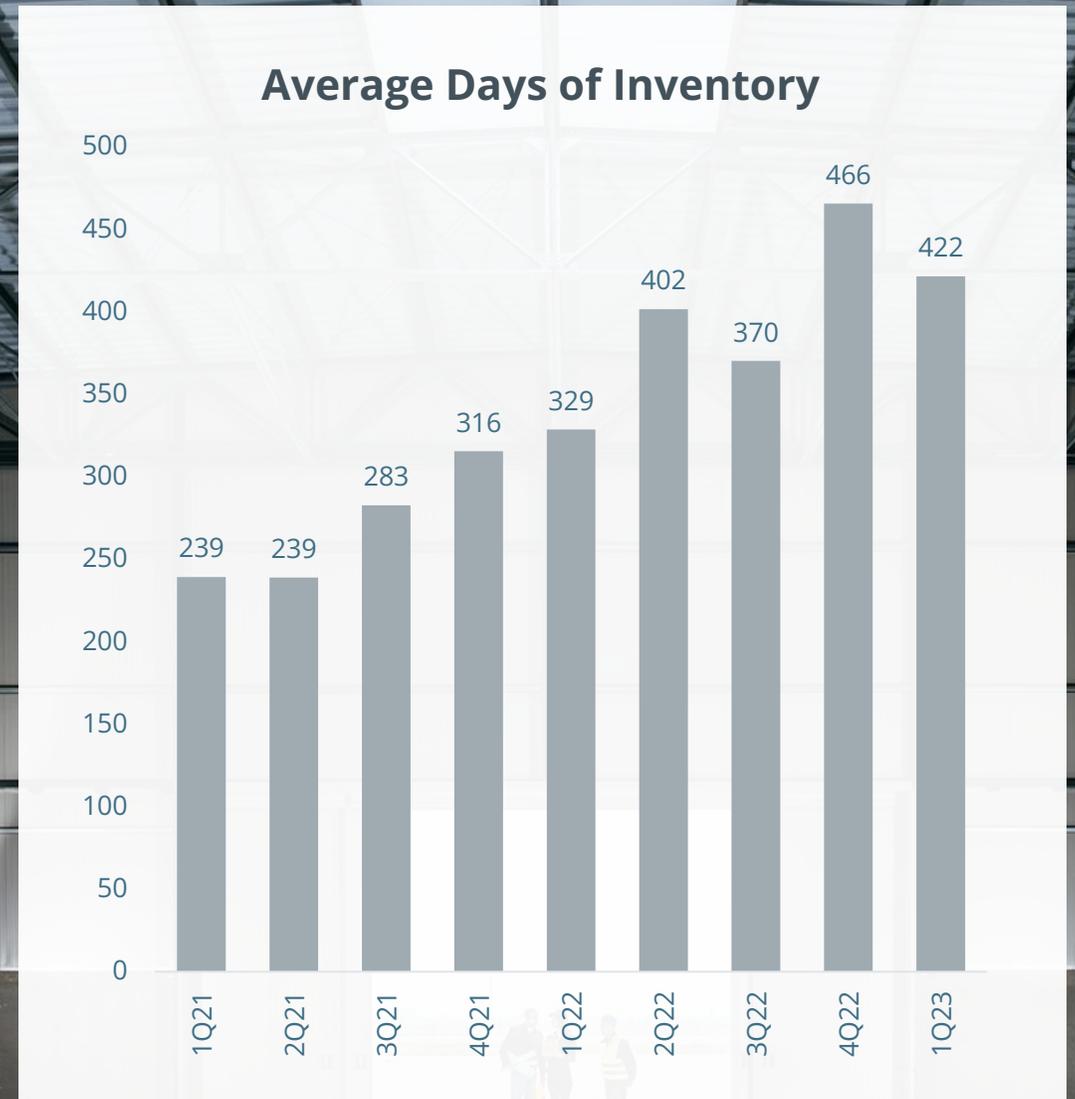
# Financials

Jeremy Gerst, CFO



# Elevated but improving Inventory situation

- **USD 1.6M** decline in overall Inventories over the course of 1Q
- Modest decline in Average Days of Inventory from 466 to 422
- These improvements reflect the active steps taken in terms of promotional activities and campaigns
- The continued elevated levels of Inventories, however, warrant further steps being taken over the course of 2Q and potentially into 2H



# Income Statement

Sales revenue of **USD 8.8M** in 1Q23, down 3% YoY

Sales gross margin of **56%** in 1Q

- Reflecting reduced margins in the Consumer segment from promotional activity

EBITDA of **USD -3.2M**

- Reduced Payroll expenses and other operating expenses compared to 1Q22

EBIT of **USD -3.6M**

- Depreciation of right-of-use assets for leases recognized under IFRS 16

(USD'000)	1Q23	1Q22	YTD 2023	YTD 2022
<b>Total revenue</b>	<b>8 752</b>	<b>9 062</b>	<b>8 752</b>	<b>9 062</b>
Cost of sales	3 887	3 735	3 887	3 735
<b>Gross profit</b>	<b>4 865</b>	<b>5 327</b>	<b>4 865</b>	<b>5 327</b>
Sales Gross Margin	56%	59%	56%	59%
Payroll expenses	4 172	4 432	4 172	4 432
Other operating expenses	3 899	4 329	3 899	4 329
<b>EBITDA</b>	<b>-3 206</b>	<b>-3 434</b>	<b>-3 206</b>	<b>-3 434</b>
Depreciation and amortization	387	375	387	375
Impairment	0	0	0	0
<b>Operating profit / EBIT</b>	<b>-3 593</b>	<b>-3 809</b>	<b>-3 593</b>	<b>-3 809</b>
Financial income / (expenses)	988	-288	988	-288
<b>Profit (loss) before tax</b>	<b>-2 605</b>	<b>-4 097</b>	<b>-2 605</b>	<b>-4 097</b>
Income tax	524	-966	524	-966
<b>Net profit (loss)</b>	<b>-2 081</b>	<b>-3 131</b>	<b>-2 081</b>	<b>-3 131</b>
<b>Earnings per share (USD)</b>				
Basic earnings per share	-0.01	-0.02	-0.01	-0.02
Diluted earnings per share	-0.01	-0.02	-0.01	-0.02

Note: Financial income in 1Q23 is due to exchange rate fluctuations

# Balance Sheet

## Change in assets

- Deferred tax asset
- Inventories due to build up of supply
- Other receivables
- Cash due to profitability, working capital, and exchange rates

## Change in liabilities

- Significant portion of equity decline due to exchange rate between NOK and USD
- Decline in long-term liabilities
- Trade and other payables

(USD'000)	31.03.2023	31.03.2022
<b>Assets</b>		
Intangible assets	2 599	2 884
Goodwill	2 702	3 236
Property, plant and equipment	752	893
Right-of-use assets	3 004	4 160
Deferred tax assets	7 246	5 523
Other non-current assets	129	682
<b>Total non-current assets</b>	<b>16 432</b>	<b>17 377</b>
Inventories	17 116	12 947
Trade receivables	10 378	10 321
Other receivables	6 204	4 004
Cash and cash equivalents	15 427	35 607
<b>Total current assets</b>	<b>49 126</b>	<b>62 879</b>
<b>Total assets</b>	<b>65 558</b>	<b>80 256</b>
<b>Total equity</b>	<b>52 890</b>	<b>65 465</b>
Non-current lease liabilities	2 396	3 636
Deferred tax liabilities	0	0
Non-current provisions	119	682
<b>Total non-current liabilities</b>	<b>2 515</b>	<b>4 892</b>
Lease liabilities	864	779
Trade and other payables	6 207	7 173
Contract liabilities	1 360	963
Income tax payable	36	10
Government grants	0	0
Provisions	1 686	1 550
<b>Total current liabilities</b>	<b>10 153</b>	<b>10 475</b>
<b>Total equity and liabilities</b>	<b>65 558</b>	<b>80 256</b>

# Cash Flow Statement

## Cash flow from operating activities USD -3.2M

- Operating profit

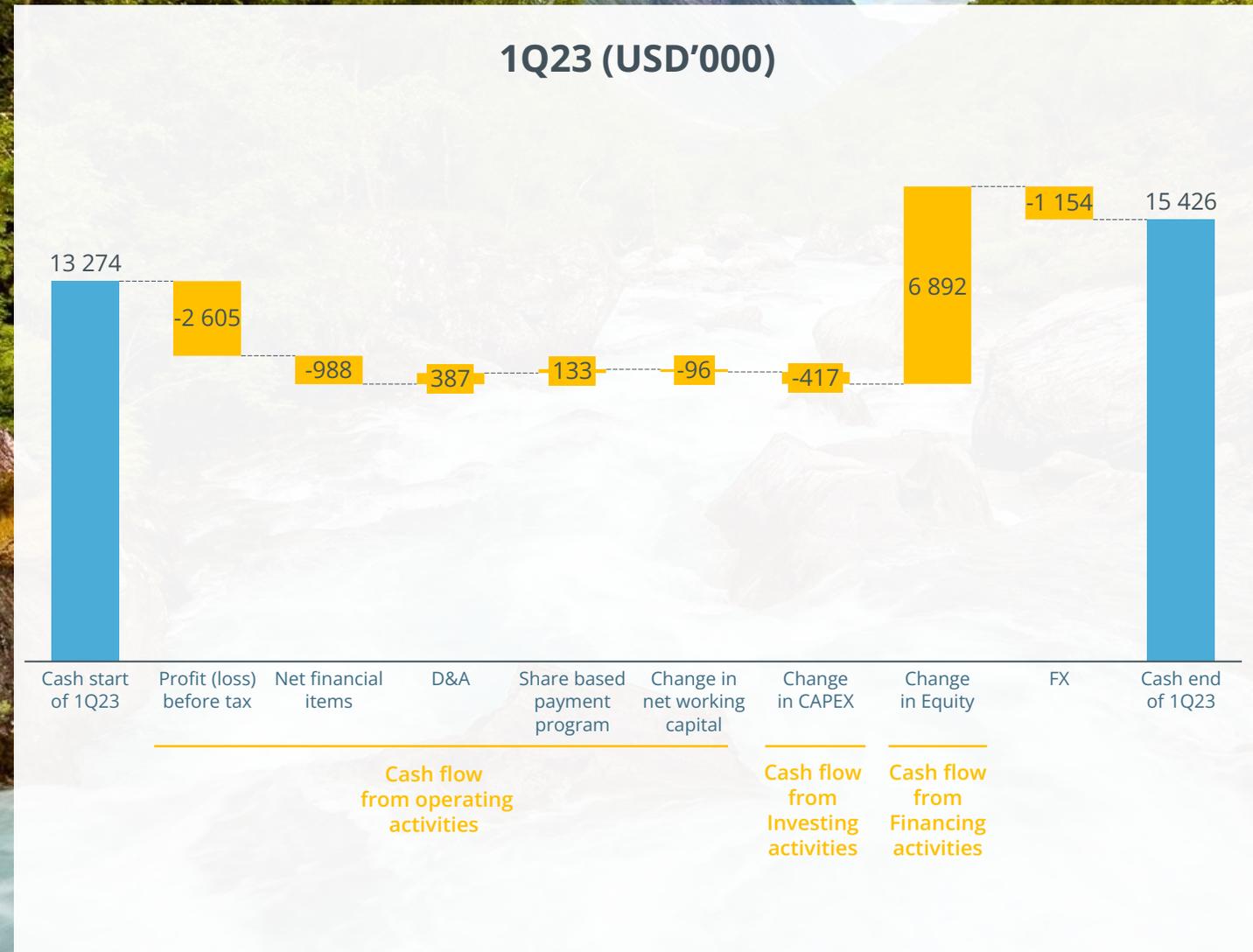
## Cash flow from investment activities of USD -0.4M

- Internally generated intangible assets, purchase of software, production tooling and office equipment

## Cash flow from financing activities of USD 6.9M

- Capital raise conducted in the quarter

## Net unrealized foreign exchange difference of USD -1.2M

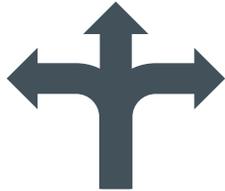


# Summary and outlook



# 2022 was a challenging year

## Airthings' approach ...



Go-to-market strategy pursuing multiple channels and countries at the same time

## ... created challenges for the company

- Channel conflicts
- Elevated inventory levels
- Deterioration of cash position
- Focus on top-line growth versus unit economics and driving down variable costs
- Decisions impacted by shorter-term revenue focus over long-term profitability

Combined with macroeconomic headwinds, these challenges made it apparent that Airthings needed to re-examine its approach and strategy



# Airthings' refined strategy, focused on 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



*More details and progress to be shared in Airthings's Capital Market Update in October*

# Summary

- Revenue of USD 8.8M, ARR of USD 4M, and Gross Profit Margin of 56%
- Modest growth in the Consumer segment, supported by promotional activities to reduce inventory levels
- Low revenue from Airthings for Business segment in 1Q23 as some key projects have been pushed out in time
- Reduction of overall inventory levels and modest improvement seen in Days of Inventory
- Updated strategy to support Airthings' profitable long-term growth ambitions along three main pillars:
  - Refined go-to-market strategy
  - Becoming a true hardware-enabled software company
  - Automating the operating model



# 2Q23 Outlook

- 2Q23 revenue estimated at USD 7.0 – 9.0M
- ARR expected to grow to USD 4.0 – 4.3M by the end of the second quarter

## Guidance 2Q23

Revenue and ARR guidance (USD M)	2Q23
Revenue	7.0 – 9.0
Annual Recurring Revenue	4.0 – 4.3



# 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

