

3Q23 Presentation

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This presentation was prepared in connection with the 3Q results released on October 26th, 2023. 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.



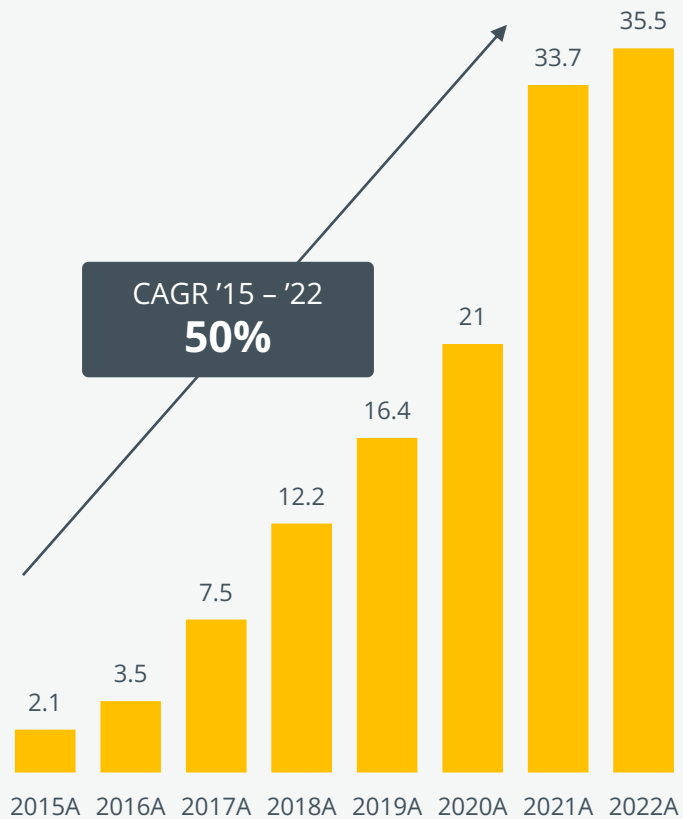


Purpose

Empower the world to **breathe better**

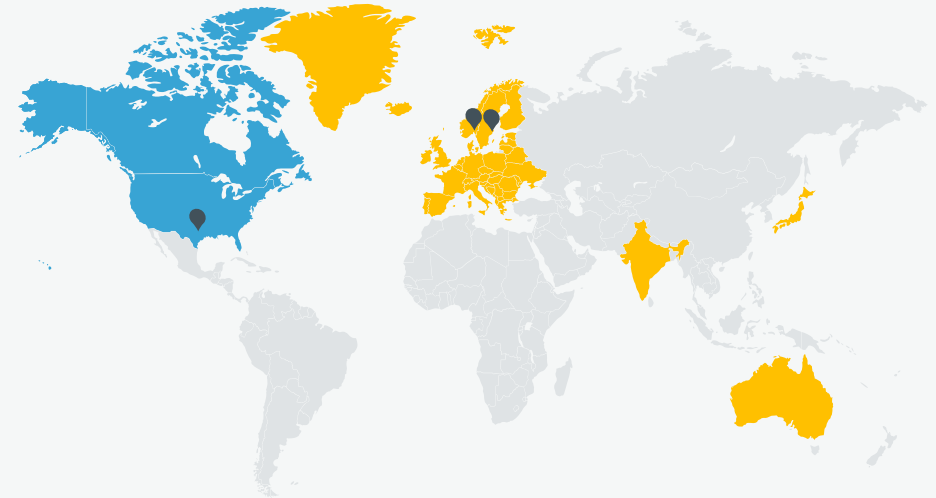
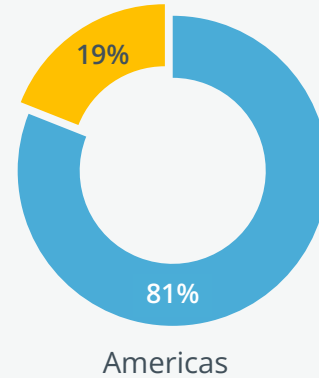
High-growth and expanding business

REVENUE (USD M)



REVENUE SPLIT (YTD 3Q23)

Europe/RoW



KEY Consumer CHANNELS



SELECTED Airthings for Business PARTNERS

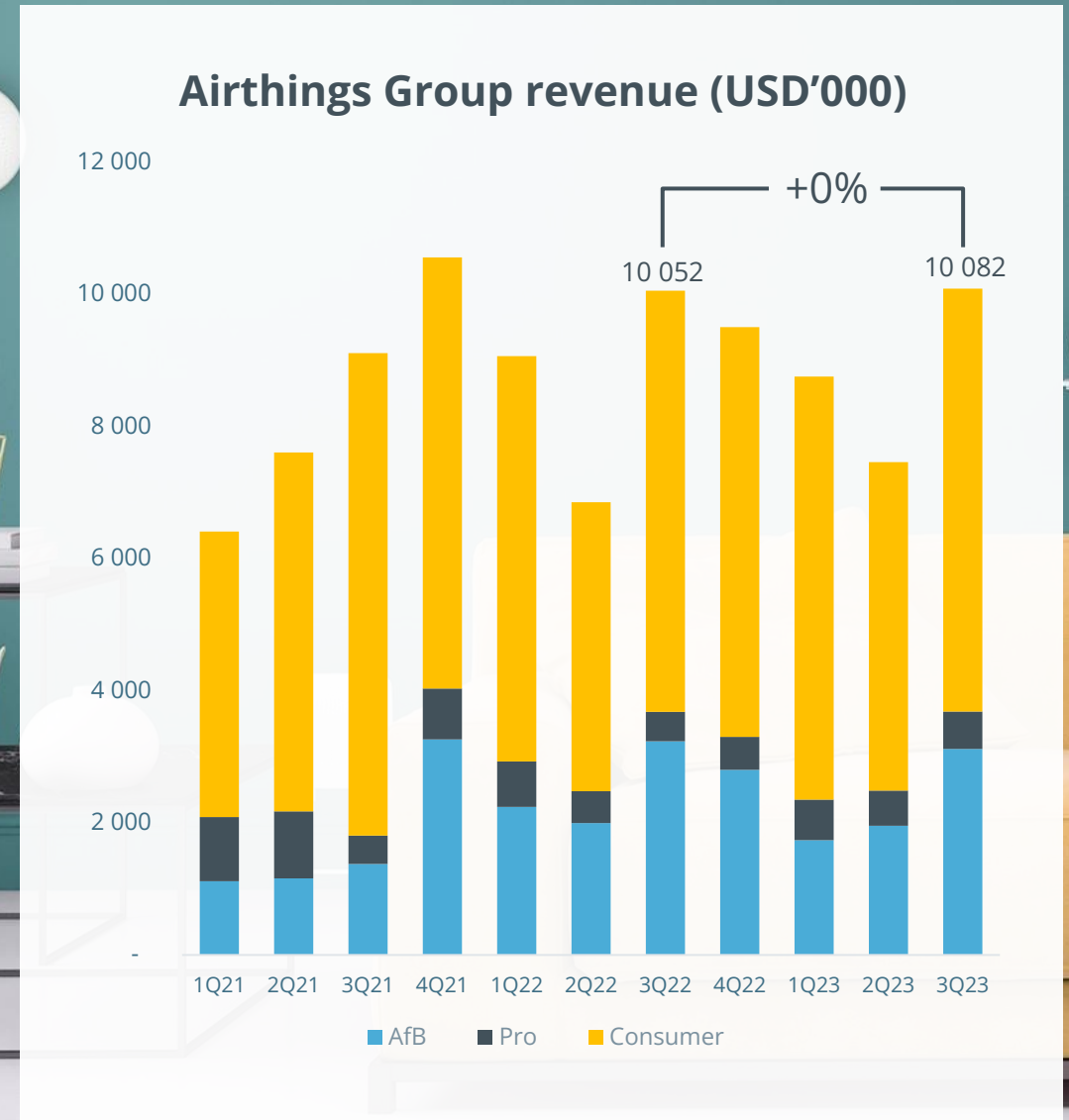


AWARENESS



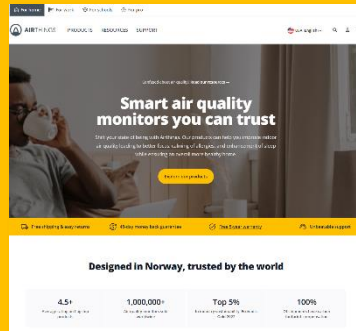
Slight uptick in third quarter

- Sales revenue of **USD 10.1M**, largely flat YoY
 - Highest revenue quarter since 4Q2021 with significant growth on Airthings.com (100%)
- Gross profit margin of **62%**
 - Up 2%-points from 3Q22, and flat with 2Q23
 - Higher margins in Airthings for Business (65%)
- 4Q23 revenue guidance of **USD 9.0 – 12.0M**

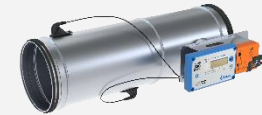


3Q Highlights

USD 10.1M in revenue with improved **GPM** and **ARR** up 18%



100% YoY growth on airthings.com



Significantly strengthened value proposition of solution offered via Lindab partnership

Details of our revised strategy – “**Airthings 3.0**” – will be presented at today’s Capital Market Update



Follow-up order from same global enterprise customer, **verifying** our solutions’ value-proposition

EBITDA neutral in the quarter, showing traction in the right direction

Current macro environment remains characterized by uncertainty and delayed timelines

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

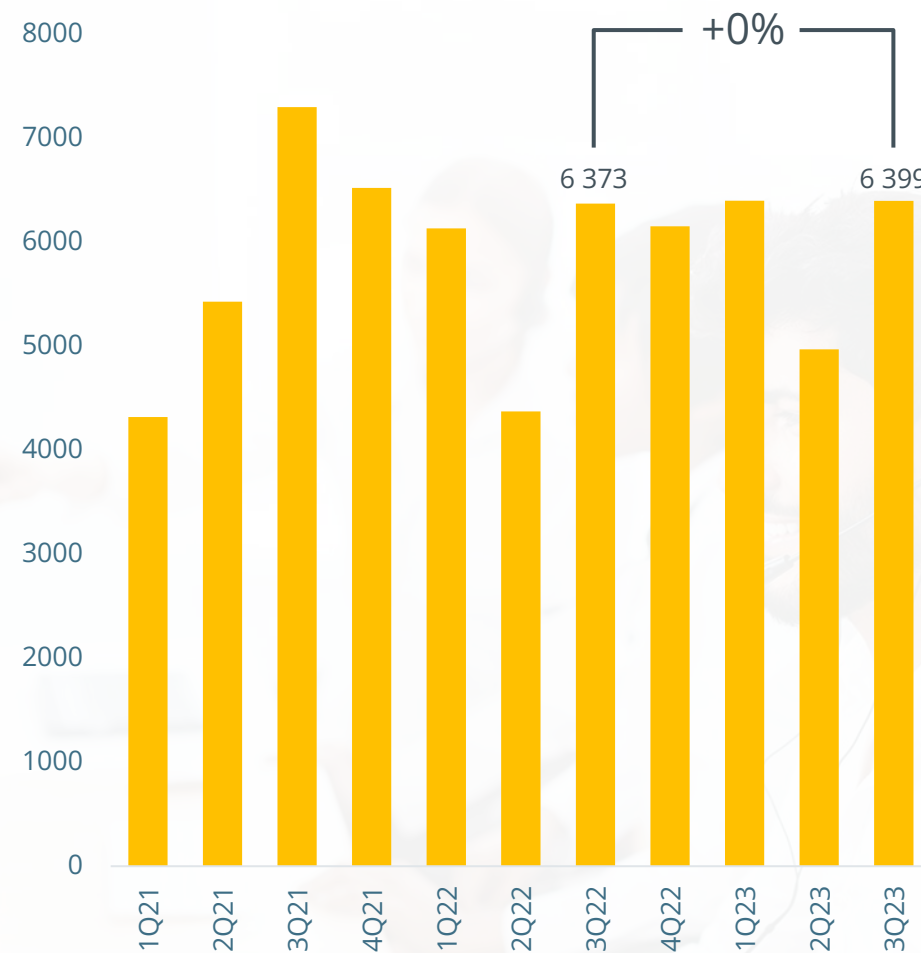
For home inspectors &
radon professionals



Consumer Segment 3Q Update

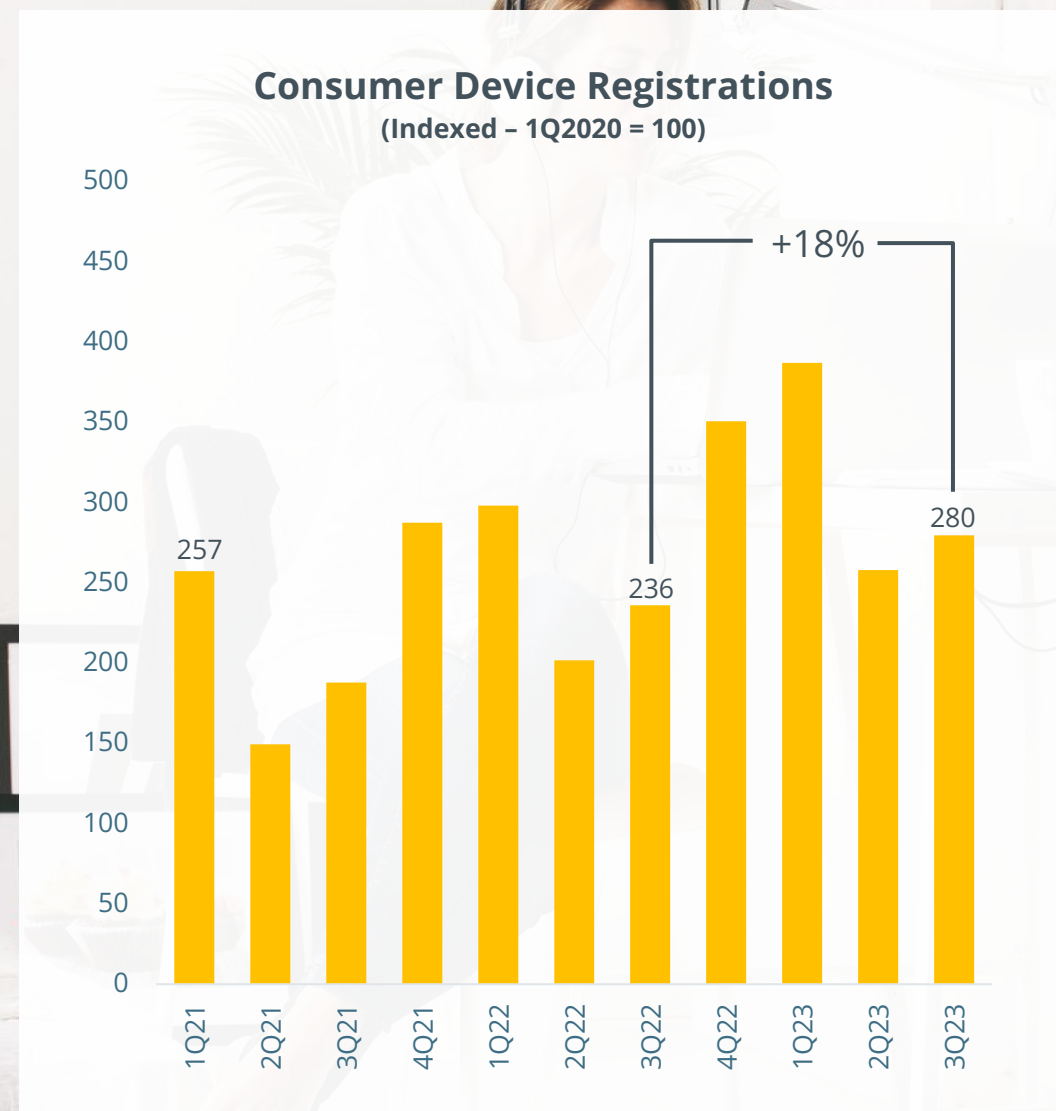
- Revenue of **USD 6.4M**, largely flat YoY
- Gross Profit Margin was **59%** in **2Q**, up 1%-points from 2Q23
 - Continued promotional activities offset by increase share of revenues through own channel
- Heightened focus on own channel showing continued signs of results
 - Growth of 100% YoY on Airthings.com
- Improved sell-through at key channel and retail partners due to targeted marketing

Consumer Sales Revenue (USD'000)

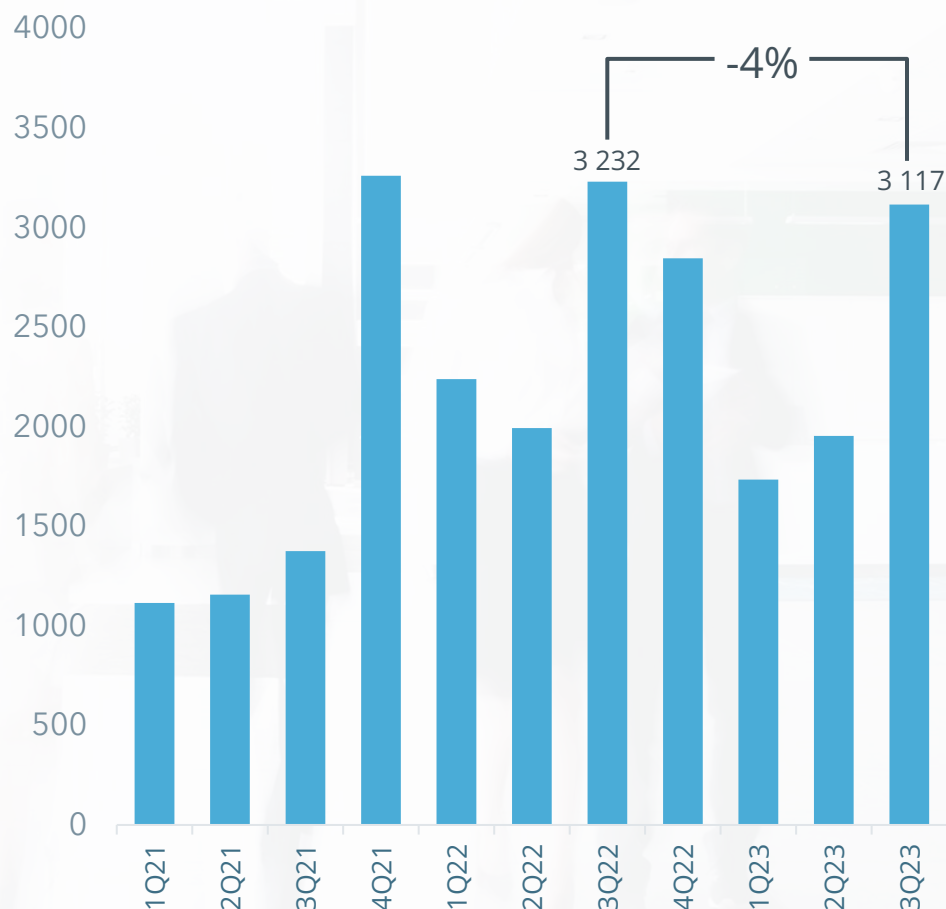


Continued growth in Consumer device registrations

- New devices are registered when linked to an Airthings app
- Proxy for end-user demand of smart devices
- Growth of 18% in 3Q 2023 vs. 3Q 2022
- Growth in device registrations continues to outstrip revenue growth, due primarily to promotional activity



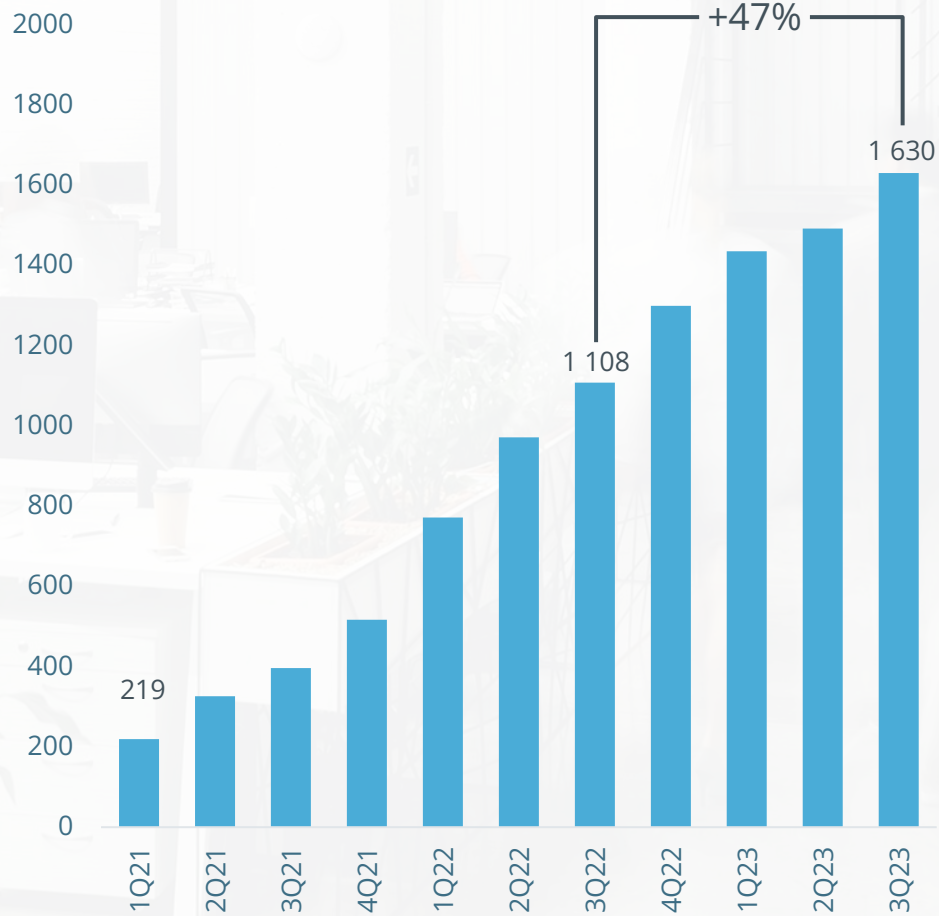
AfB Sales Revenue (USD'000)



Business Segment 3Q Update

- Sales revenue of **USD 3.1M**, down 4% YoY
- **65%** Gross Profit Margin, up 5%-points from 3Q22
 - Larger share of subscription revenues
- Business remains heavily effected by large deals causing some lumpiness on a quarter-to-quarter and year-on-year basis
 - USD 1.0M was shipped to a large enterprise customer in 3Q23 vs. USD 1.7M to the same customer in 3Q22
 - Controlling for this, there is strong underlying growth in the rest of the portfolio

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



Devices in the field continuing to expand

- Devices in the field grew by 47% in 3Q 2023 vs. 3Q 2022, and up 9% vs. 2Q 2023
- Driver of underlying growth in ARR

Follow-up order with global enterprise customer

- Secured additional order from the same global enterprise customer
- Hardware revenues of USD 2.4M, building on the USD 3.2M in hardware revenues from the customer's original order in 2022
- Verification of the value-proposition Airthings is delivering to its end-users

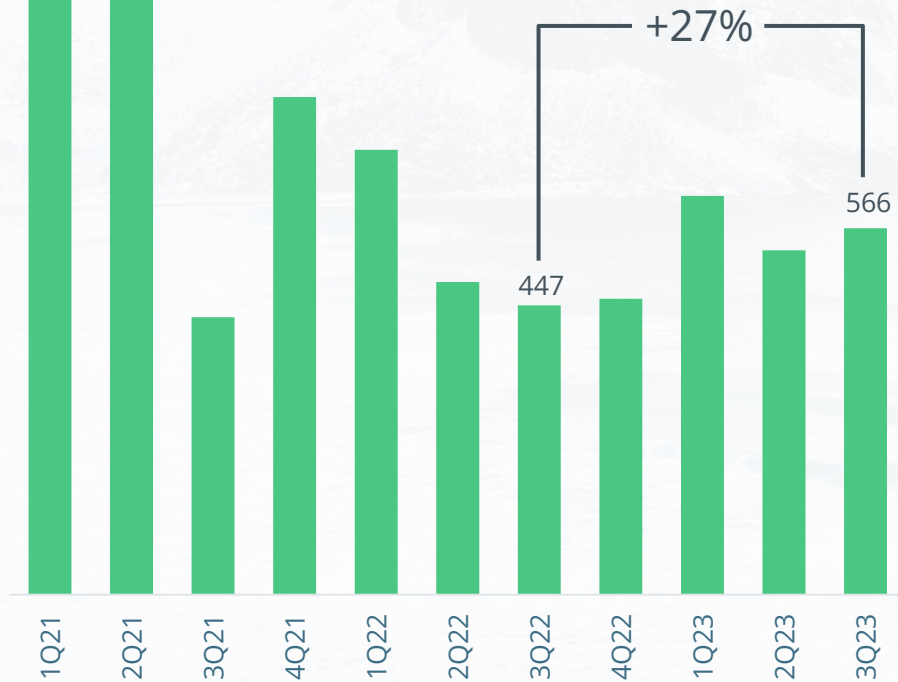




Strengthening partnership with Lindab

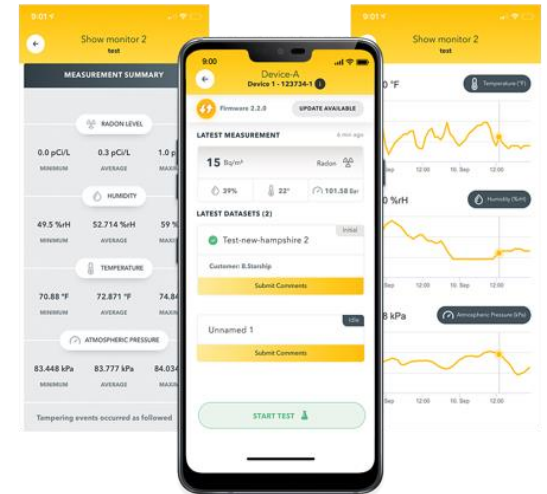
- Unveiled next-gen building solution at PropTech Summit 2023
- Strengthens the ongoing partnership by incorporating control of cooling and heating, in addition to ventilation
- Represents a significant opportunity to maximize energy efficiency in both old and new buildings

Pro Sales Revenue (USD'000)



Pro Segment 3Q Update

- Sales revenue of **USD 0.6M**, representing an increase of **27% YoY**
- **79%** Gross Profit Margin down 7%-point from 2Q23, due to more hardware sales in the quarter



Annual Recurring Revenue (ARR)

- ARR of **USD 4.1M**, up 18% YoY overall, and up 25% YoY for AfB
- **>80%** gross profits from ARR
- 4Q23 ARR guidance of **USD 4.1 – 4.4M**, 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 September multiplied by 12)





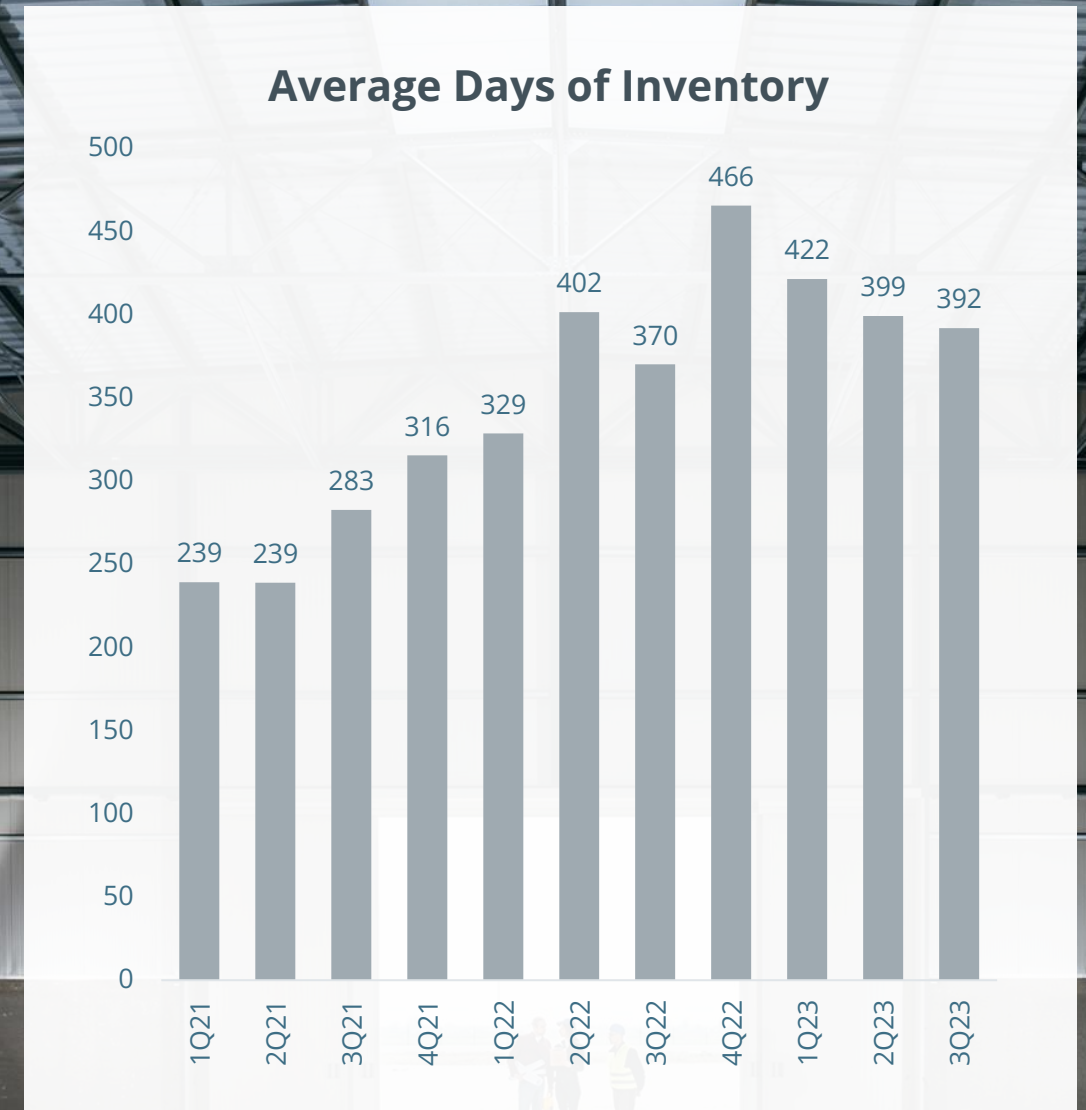
Financials

Jeremy Gerst, CFO



Inventories - continued modest improvement

- **USD 0.5M** decline in overall Inventories over the course of 3Q
- Very modest decline in Average Days of Inventory from 399 to 392
- Reflect active steps taken in terms of promotional activities and continuing to reduce in inbound supply
- The continued elevated levels of Inventories, however, warrant additional steps being taken for the foreseeable future



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

Income Statement

Sales revenue of **USD 10.1M** in 3Q23, largely flat YoY, and up 1% YTD

Sales gross margin of **62%**

- In-line with prior quarter and up 2%-points from 3Q22

EBITDA of **USD 0.1M**

- Reduced Payroll expenses compared to 3Q22

EBIT of **USD -0.3M**

- Depreciation of right-of-use assets for leases recognized under IFRS 16
- Amortization of internally generated intangible assets

(USD'000)	3Q23	3Q22	YTD 2023	YTD 2022
Total revenue	10 082	10 052	26 291	25 965
Cost of sales	3 824	3 996	10 541	10 602
Gross profit	6 258	6 056	15 749	15 362
Sales Gross Margin	62%	60%	60%	59%
Employee benefit expenses	2 745	2 885	11 178	12 316
Other operating expenses	3 440	3 385	10 439	12 077
EBITDA	73	-214	-5 868	-9 031
Depreciation and amortization	390	284	1 152	1 041
Impairment	0	0	0	1 522
Operating profit / EBIT	-318	-498	-7 020	-11 593
Financial income / (expenses)	-237	936	1 036	2 177
Profit (loss) before tax	-555	438	-5 984	-9 416
Income tax	-111	172	-1 247	-2 100
Net profit (loss)	-444	266	-4 737	-7 316

Earnings per share (USD)

Basic earnings per share	-0.00	0.00	-0.02	-0.04
Diluted earnings per share	-0.00	0.00	-0.02	-0.04

Balance Sheet

Change in assets

- Deferred tax asset
- Inventories
- Trade receivables
- Cash due to profitability, working capital, and exchange rates

Change in liabilities

- Non-current interest-bearing liabilities due to loan from Innovation Norway
- Trade and other payables

(USD'000)	30.09.2023	30.09.2022
Assets		
Goodwill	2 665	2 607
Intangible assets	3 290	1 765
Deferred tax assets	7 893	5 479
Property, plant and equipment	686	843
Right-of-use assets	2 600	3 040
Other non-current assets	115	223
Total non-current assets	17 249	13 957
Inventories	15 678	15 518
Trade receivables	9 095	10 581
Other receivables	4 433	2 314
Cash and cash equivalents	15 473	17 014
Total current assets	44 678	45 426
Total assets	61 927	59 383
Total equity	49 603	48 979
Non-current interest-bearing liabilities	1 318	0
Non-current lease liabilities	2 009	2 489
Non-current provisions	108	218
Total non-current liabilities	3 436	2 707
Current lease liabilities	848	782
Trade and other payables	5 242	4 780
Contract liabilities	1 292	934
Income tax payable	30	8
Current provisions	1 476	1 195
Total current liabilities	8 888	7 697
Total equity and liabilities	61 927	59 383

Cash Flow Statement

Cash flow from operating activities USD -1.3M

- Higher revenues in 3Q driving up trade receivables and more than offsetting modest improvement in Inventories

Cash flow from investment activities of USD -0.5M

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

Cash flow from financing activities of USD -0.2M

Net unrealized foreign exchange difference of USD 0.1M



Summary and outlook



Recall: Airthings' refined strategy – “Airthings 3.0”

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 today's Capital Market Update

Summary

- Revenue of USD 10.1M, ARR of USD 4.1M, and Gross Profit Margin of 62%
- Largely flat in the Consumer segment, but with 100% growth in sales on airthings.com showing continued momentum on digital channels focus
- Down 4% in the Airthings for Business segment, although strength seen in underlying business when controlling for effect of large orders
- Continued improvement in overall inventory levels as well as Days of Inventory, albeit modest
- Early signs of traction stemming from strategy refinement – with more details to be shared in the Capital Market Update
- 25% YoY growth in ARR from Airthings for Business, and 18% overall



4Q23 Outlook

- 4Q23 revenue estimated at USD 9.0 – 12.0M
- ARR expected to grow to USD 4.1 – 4.4M by the end of the fourth quarter

Guidance 4Q23

Revenue and ARR guidance (USD M)	4Q23
Revenue	9.0 – 12.0
Annual Recurring Revenue	4.1 – 4.4



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

