

2Q22 Presentation



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This presentation was prepared in connection with the 2Q results released on July 14th, 2022. 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.



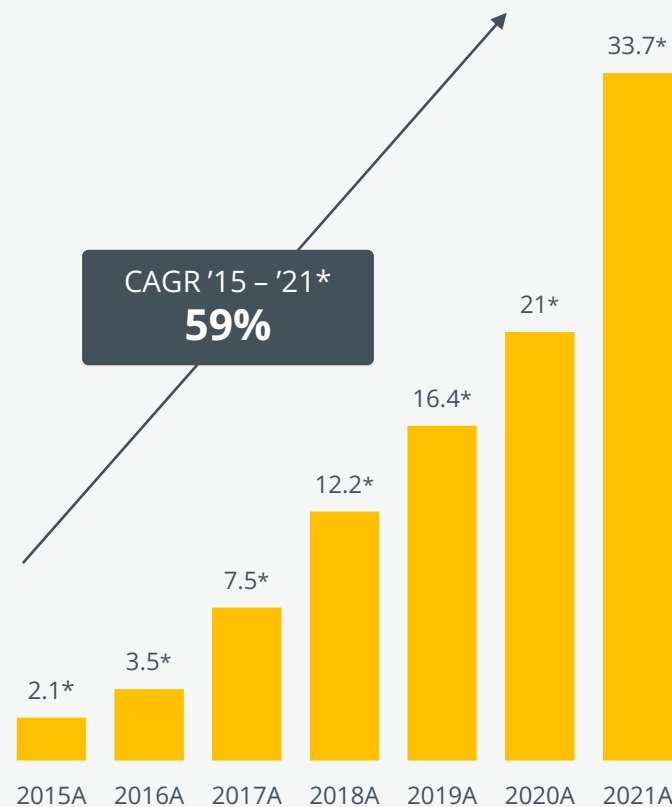


Purpose

Empower the world to **breathe better**

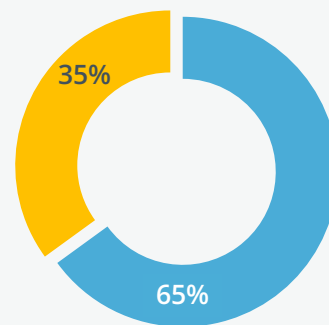
High-growth and expanding business

REVENUE (USD M)

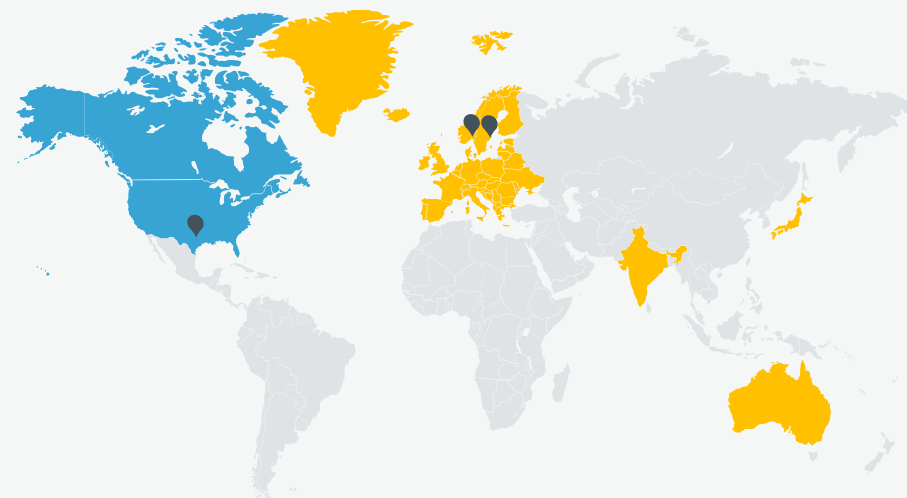


REVENUE SPLIT (1H22)

Europe/RoW



Americas



SELECT RETAIL/ECOMMERCE PARTNERS



SELECTED Airthings for Business PARTNERS



AWARENESS

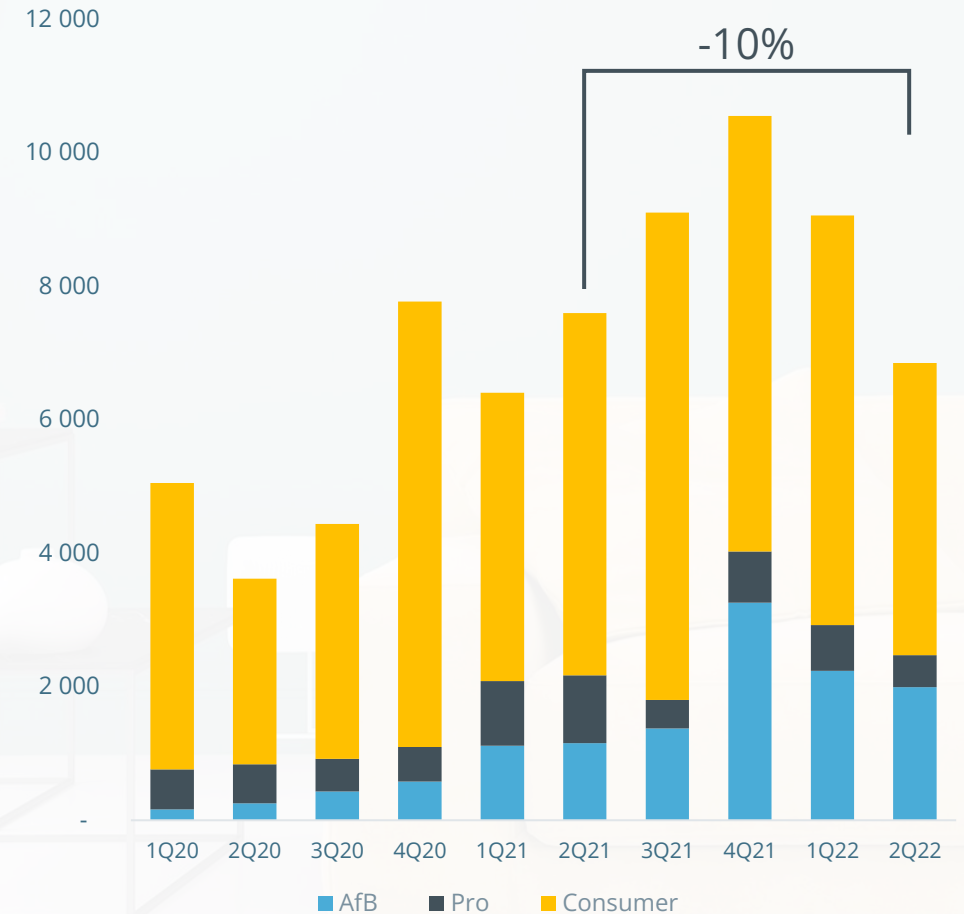


Challenging second quarter

- Sales revenue of **USD 6.9M**, down 10% YoY
 - Retailers and channel partners in the Consumer segment have significantly reduced their inventory during the quarter
 - Despite 34% growth in Consumer device registrations
- Gross profit margin of **61%***, up 2%-points up from 1Q22
 - *Excl. inventory impairment of Airtight (USD 0.2M)
- 3Q22 revenue guidance of **USD 7 – 11M**



Airthings Group revenue (USD'000)



2Q Highlights

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

**72% YoY growth in
Airthings for Business**



Nordre Follo municipality
buys 1,000+ monitors
selecting Airthings as an IoT
partner with ATEA following a
thorough tender process

**Challenging Consumer
market** with channel
and retail partners
reducing inventories of
consumer electronics in
second quarter

**Signed major new
partners for
Airthings for Business**



**Strengthened geographical
footprint within the
consumer segment**

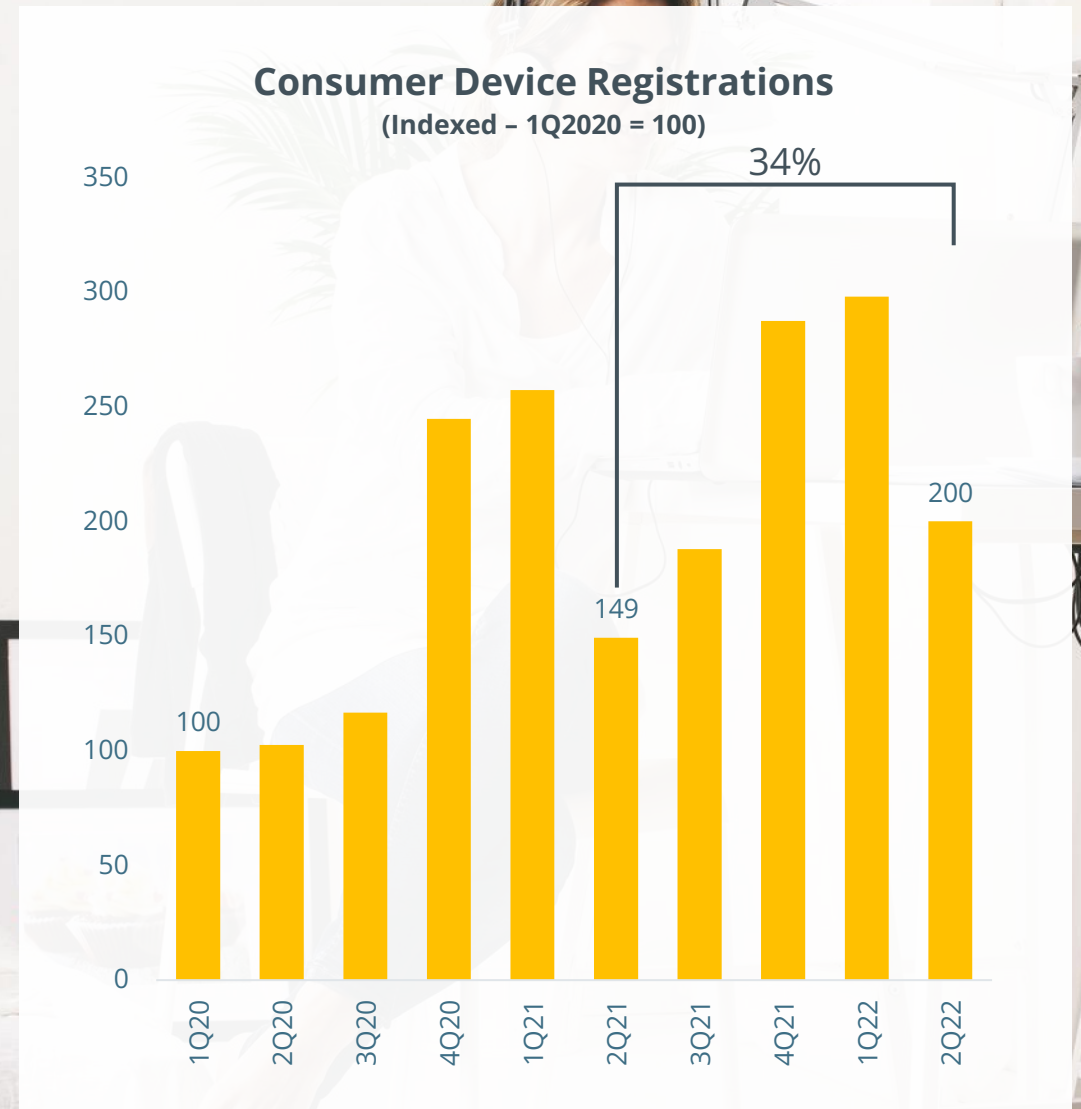


Airthings is disrupting
the building automation
market by directly
controlling the HVAC
system of more and more
buildings –
improving air quality and
energy efficiency

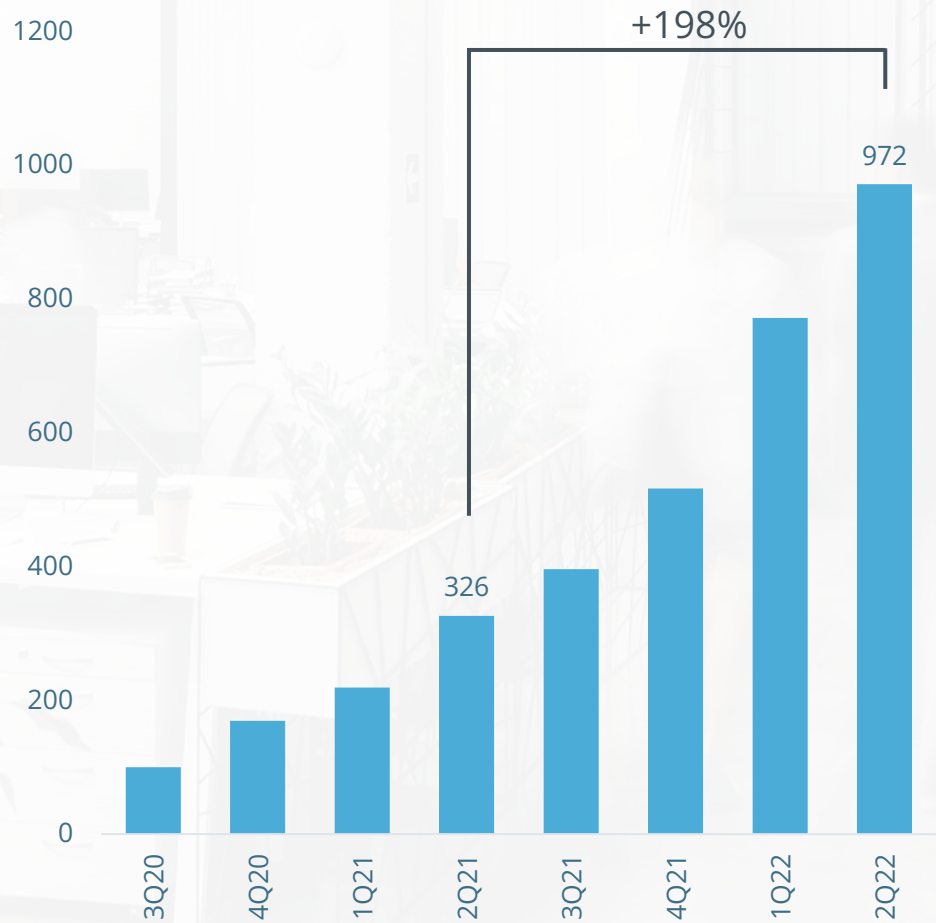
Optimizing cost base and
working capital to
accelerate the path to
profitability

Strong growth in Consumer device registrations

- New devices are registered when linked to an Airthings app
- Proxy for true end-user demand
- Growth over 34% in 2Q 2022 vs. 2Q 2021



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

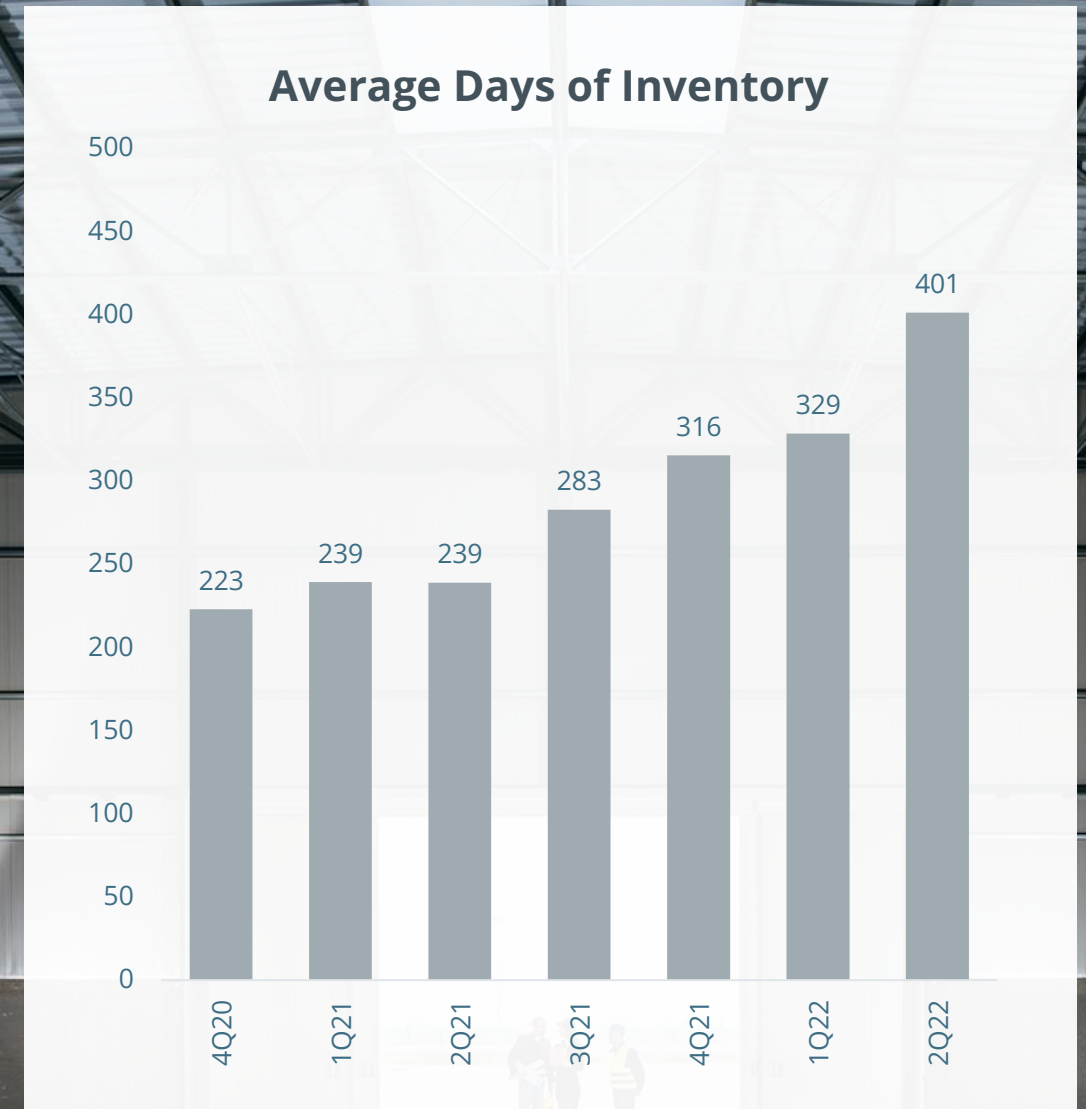


Rapidly expanding devices in the field

- Devices in the field grew by 198% in 2Q 2022 vs. 2Q 2021, and up 26% vs. 1Q 2022
- The surge in devices in the field in 1Q22 is attributable to the Quebec school contract
- Driver of underlying growth in ARR

Heightened inventory levels

- Significant amounts of cash dedicated to working capital with average Days of Inventory at 401 days in 2Q 2022
- Most of the inventory is finished goods, but also some key components
- Build-up was a strategic decision over the course of 2021 to mitigate effect of global component shortage
- Focus area going forward to return Days of Inventory to more normal levels
- Significant opportunities to achieve working capital improvements



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

Road to profitability

- Focus on revenue growth
 - Including increased focused on R&D projects with most certain expected ROI
- Range of additional actions taken over the course of 2Q22, including:
 - Transition of resources to high potential areas, Consumer and Airthings for Business
 - Implementation of cost savings
 - Temporary hiring freeze with some exceptions
 - About 10% reduction in overall headcount



Update by Segment



Consumer

For everyone
with a home



Business

For commercial &
public buildings



Pro

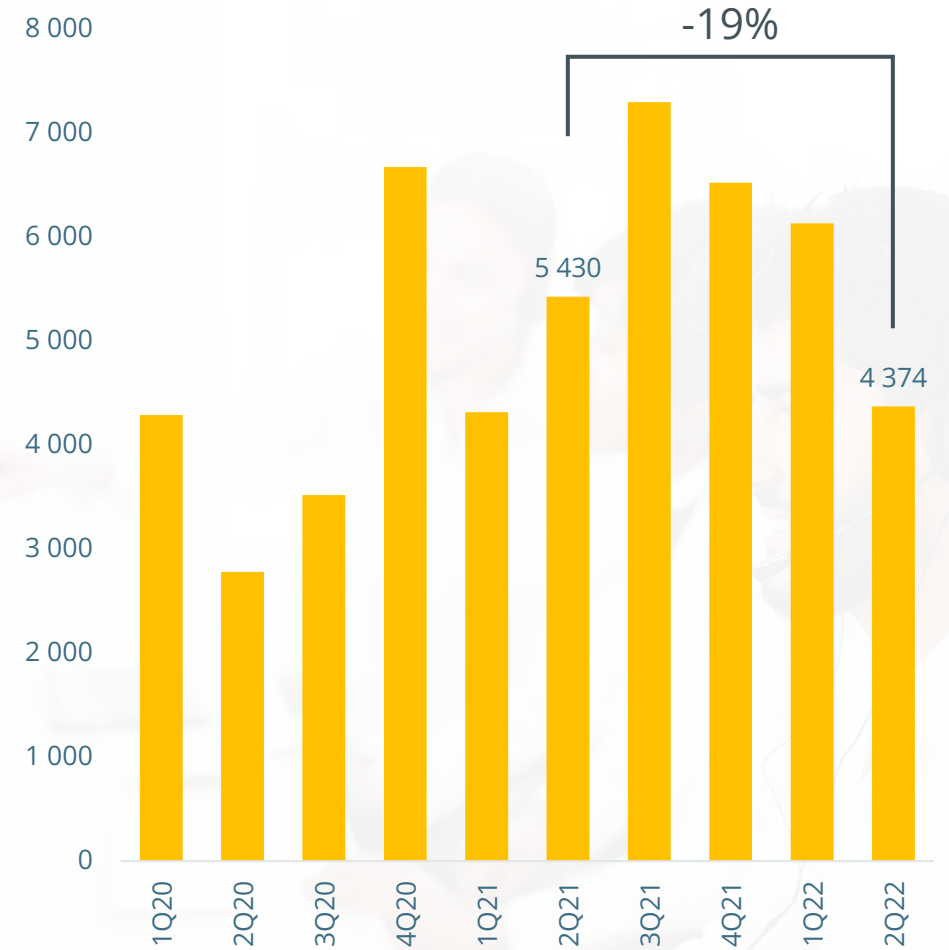
For home inspectors &
radon professionals



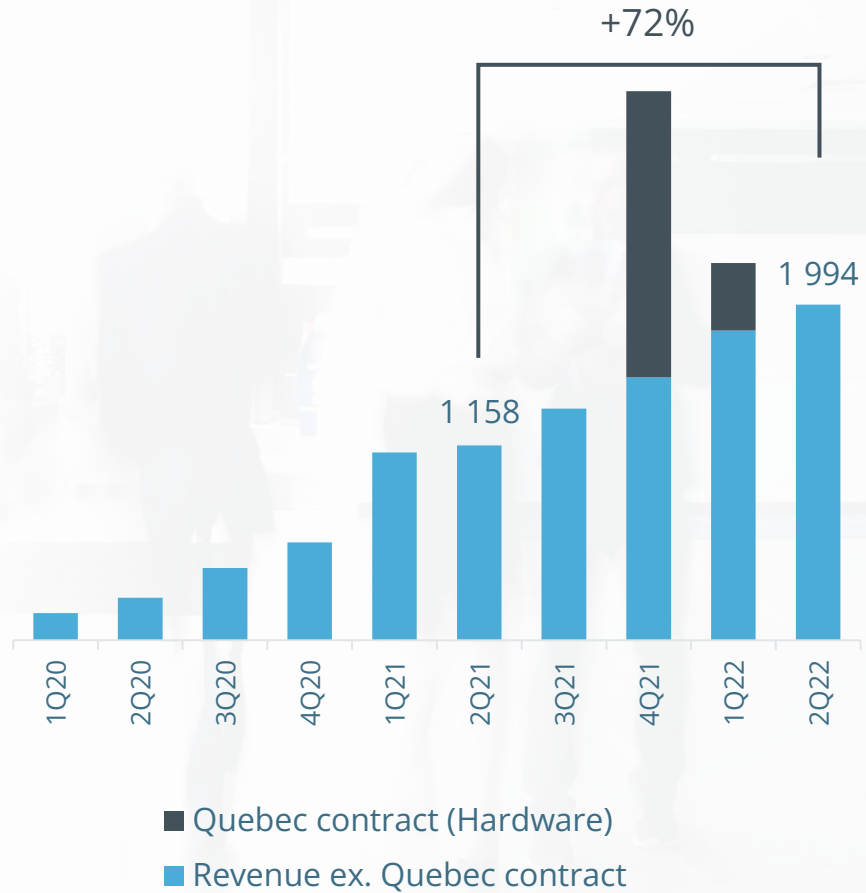
Consumer Segment 2Q Update

- Revenue of **USD 4.4M**, down 19% YoY
- Gross Profit Margin was **58.0%** in **2Q**, up 3%-points from 1Q22
- Channel and retail partners reducing inventories of consumer electronics in quarter
- Device registrations shows underlying growth
- Further strengthening of geographical retail footprint and expansion with existing partners
- Global uncertainties continuing to affect market visibility

Consumer Sales Revenue (USD'000)

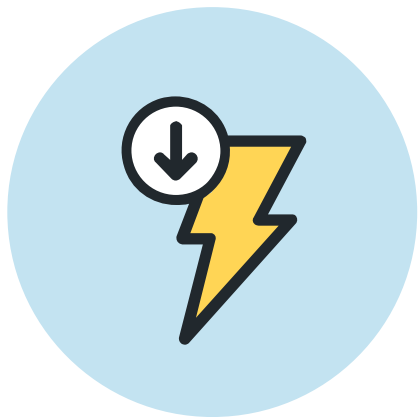


AfB Sales Revenue (USD'000)



Business Segment 2Q Update

- Sales revenue of **USD 2.0M**, with 72% YoY growth
- **63%*** Gross Profit Margin
 - * Excl. inventory impairment of Airtight (USD 0.2M)
- Increasing share of business
 - From ~15% in 2Q21 to ~29% in 2Q22
- Strong underlying growth from a broad range of partners
- Restructuring efforts of the AfB commercial team in the US already showing positive results



40%

of global energy
consumption comes
from buildings



4/5

of today's buildings
will still exist in 2050



Airthings for Business

Saving the environment and costs

FRYDENBØ – A innovating industry leader in Commercial Real Estate in Norway. They own over 11.000 sqm of commercial space rented out to tenants and invest in design and architect firms.

“Frydenbø had a bold goal of reducing their energy consumption by 20% with Airthings for Business”.

Håvard Fjæreide, Vice President Frydenbø Eiendom



Case study: Toma saved 26% of energy usage with Airthings for Business



July 6, 2022

Case Study Facility managers & building owners



SAMARBEID: F.v. Martin McGloin (produktchef i Airthings), Pål Berntsen, SVP Airthings og Tommy Hagenes i Energy Control.

500 Airthings-sensorer styrer 20 år gammelt bygg

Uten et tradisjonelt sentralt driftsanlegg har 500 trådløse sensorer fra Airthings tatt kontrollen over et 20 år gammelt bygg på Spelhaugen i Bergen.

“500 Air Quality Monitors from Airthings is controlling the HVAC of a 20-year old building”

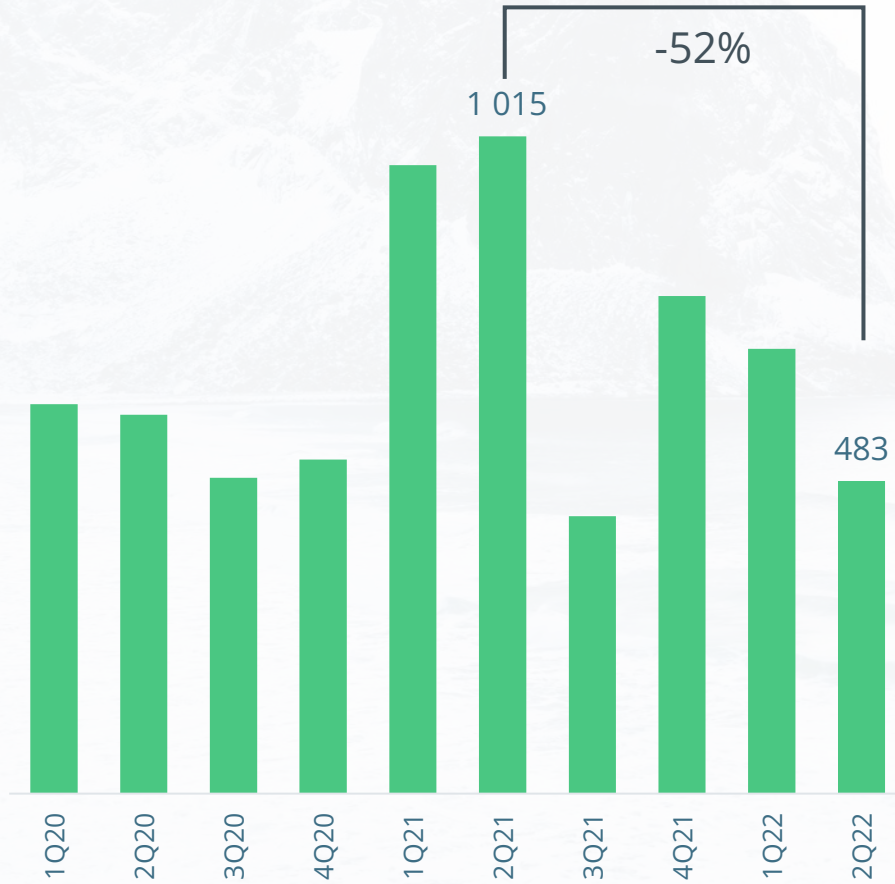


\$23k savings in Energy per year

210 hours/year reduction in manual work by automating morning startup logic

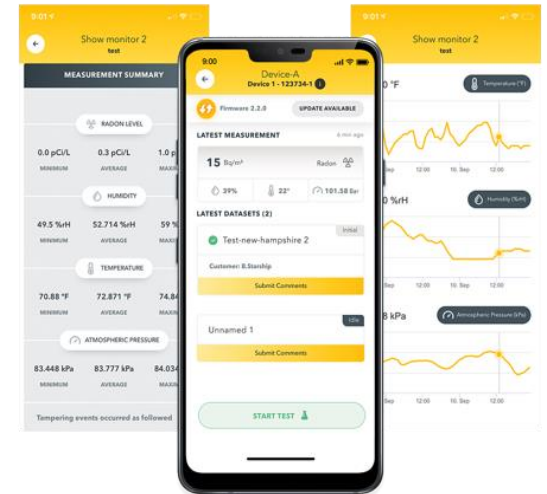
165ppm reduction in CO2 level per classroom

Pro Sales Revenue (USD'000)



Pro Segment 2Q Update

- Sales revenue of **USD 0.5M**, representing decline of **52% YoY**
- Challenging home inspector market, leading to slow sales in the segment
- **80%** Gross Profit Margin down from 88% in 1Q22



Annual Recurring Revenue (ARR)

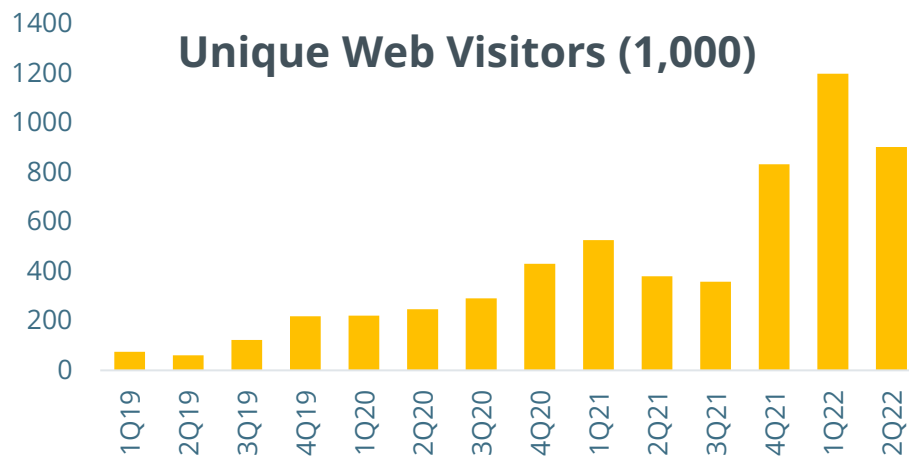
- ARR of **USD 3.2M**, up 64% YoY
- A modest decline in Pro's ARR (USD 0.1M), resulted in overall ARR coming in somewhat below original guidance of **USD 3.3-3.7M** for 2Q
- **>80%** gross profits from ARR
- 3Q22 ARR guidance of **USD 3.3 – 3.7M**, mainly driven by continued new sales in Airthings for 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 June multiplied by 12)



Brand awareness

- Coverage in leading publications around the world
- Release of new EEA report indicating that pollutants cause 10%+ of all cancer cases in Europe
- Participation in high exposure events
- 0.9 million Unique Web Visitors in 2Q22, up 137% year-on-year



Newsweek

LE FIGARO

European Environment Agency



BOMA 2022
INTERNATIONAL CONFERENCE & EXPO
Presented by BOMA International and *BUILDINGS*
JUNE 25-28 | NASHVILLE, TN

IFMA's FacilityFusion
2022 Conference & Expo April 26-28 Austin, Texas, USA

**Kvalitets
mässan**

energi
forum danmark

**FACILITIES
SHOW**



Financials

Jeremy Gerst, CFO



Income Statement

Sales revenue of **USD 6.9M**, down 10% YoY

Sales gross margin at **58%** for 2Q

- Absent inventory impairments of Airtight, gross margin of **61%**

EBITDA of **USD -5.4M**

- Number of one-off costs in the quarter (detailed on next slide)

EBIT of **USD -7.3M**

- Impairment: a derecognition of Airtight technology

(USD'000)	2Q22	2Q21	YTD 2022	YTD 2021
Total revenue	6 851	7 631	15 913	14 038
Cost of sales	2 872	2 674	6 606	5 270
Gross profit	3 979	4 957	9 307	8 768
Sales Gross Margin	58%	65%	58%	62%
Payroll expenses	4 999	3 723	9 431	7 053
Other operating expenses	4 363	3 092	8 692	6 217
EBITDA	-5 383	-1 857	-8 816	-4 502
Depreciation and amortization	381	332	756	623
Impairment	1 522	0	1 522	0
Operating profit / EBIT	-7 285	-2 189	-11 094	-5 125
Financial income / (expenses)	1 529	108	1 241	-62
Profit (loss) before tax	-5 756	-2 082	-9 853	-5 187
Income tax	-1 306	45	-2 271	239
Net profit (loss)	-4 451	-2 127	-7 582	-5 426

Earnings per share (USD)

Basic earnings per share	-0.03	-0.01	-0.04	-0.03
Diluted earnings per share	-0.03	-0.01	-0.04	-0.03

Number of one-off costs in the quarter

Write-down of Airtight solution

- USD 0.23 million in COGS costs associated with inventory impairment

Transition to main stock exchange

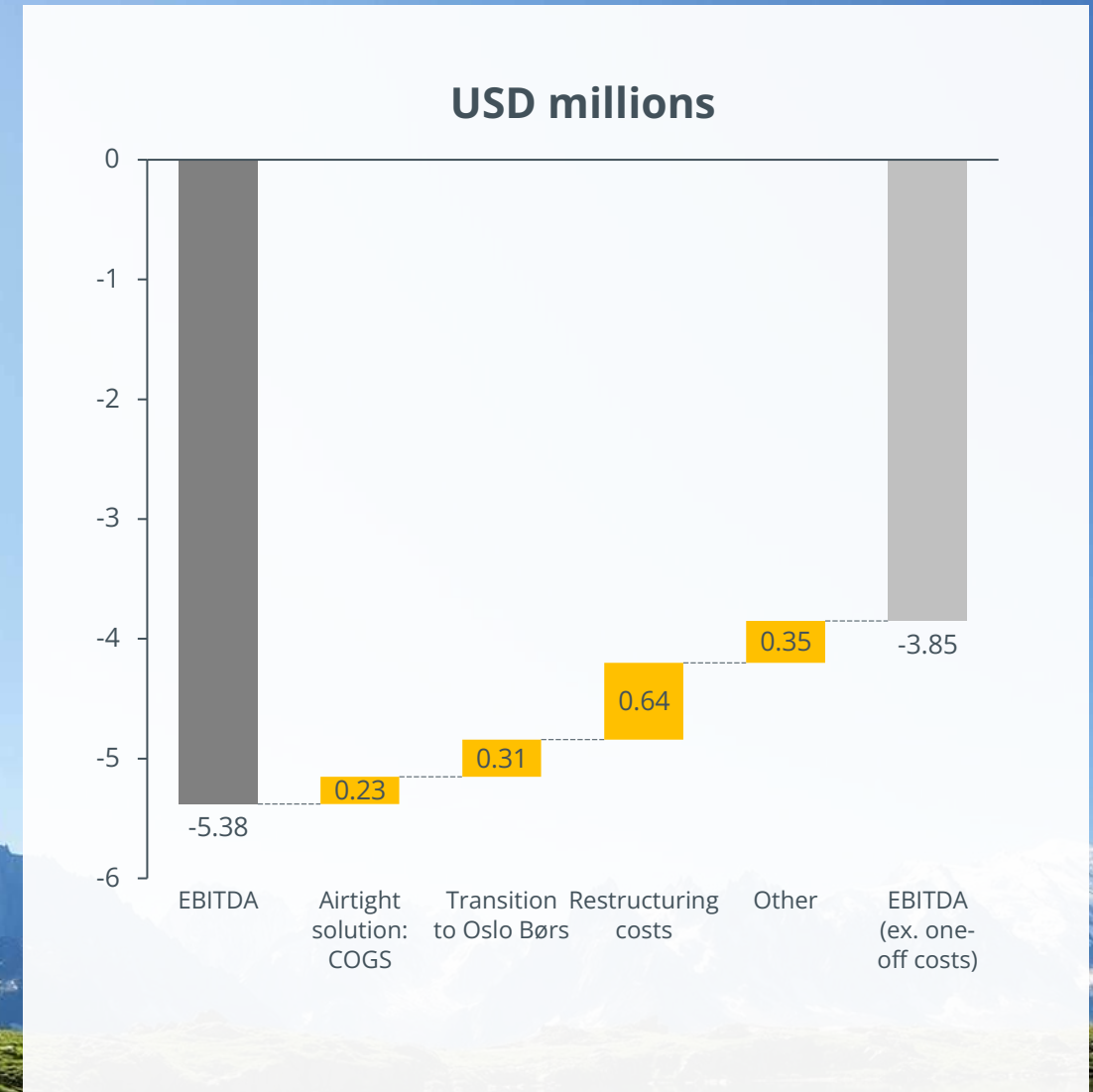
- USD 0.31 million in OPEX costs associated with move from EuroNext to Oslo Børs

Restructuring costs

- USD 0.64 million in OPEX accruals taken for restructuring related costs

Other

- USD 0.35 million in various other OPEX costs and accruals including a write-down of bad debt



Balance Sheet

Change in assets

- Deferred tax asset
- Inventory increase due to strategic decision to secure supply
- Trade 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
- Accounts payable up
- Other current liabilities change mainly due to accrued subscription revenues and accrued expenses

(USD'000)	30.06.2022	30.06.2021
Assets		
Intangible assets	1 495	2 260
Goodwill	2 841	3 307
Property, plant and equipment	916	758
Right-of-use assets	3 488	4 499
Deferred tax assets	6 065	2 661
Other non-current assets	190	897
Total non-current assets	14 995	14 383
Inventories	16 413	6 618
Trade receivables	9 225	7 229
Other receivables	2 939	2 414
Cash and cash equivalents	23 170	54 003
Total current assets	51 746	70 264
Total assets	66 742	84 647
Total equity	53 350	71 385
Non-current lease liabilities	2 874	4 067
Deferred tax liabilities	-	324
Non-current provisions	183	822
Total non-current liabilities	3 058	5 214
Lease liabilities	853	618
Trade and other payables	6 281	4 806
Contract liabilities	971	1 084
Income tax payable	9	17
Provisions	2 222	1 524
Total current liabilities	10 334	8 048
Total equity and liabilities	66 742	84 647

Cash Flow Statement

Cash flow from operating activities USD -7.3M

- Operating loss
- Net working capital due to increase in inventories

Cash flow from investment activities of USD -0.6M

- 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 -4.4M



Summary and outlook



Summary

- Revenue of USD 6.9M, down 10% year-on-year
- Headwinds to Consumer segment with retailers and channel partners significantly reducing their overall inventories in the quarter
- Gross Profit Margin of 61% excluding the inventory impairment of Airtight
- Strong momentum for Airthings for Business with new partners and 72% YoY growth in the quarter
- Grow revenues while optimizing cost base and focusing on working capital to accelerate path to profitability



3Q22 Outlook

- 3Q22 revenue estimated at USD 7.0 – 11.0M
- ARR expected to grow to USD 3.3 – 3.7M during the third quarter

Guidance 3Q22

Revenue and ARR guidance (USD M)	2Q22
Revenue	7.0 – 11.0
Annual Recurring Revenue	3.3 – 3.7



Exciting long-term outlook

Global leader in indoor air quality for homes and businesses



Consumer Segment

- Great products
- Increased awareness
- Leading brand in the segment
- Continuous channel expansion, market penetration and scaling

**Goal of >USD 60M
revenue by 2024**



Business Segment

- Continue growth from a broad range of customers
- Improve margins by growing ARR
- Continue proven partnership model with regional and global players

**Goal of >USD 40M
revenue by 2024**

**Goal of >USD 20M
ARR by 2024**



2024 Goal

**Revenue of
USD 100M+***

** IFRS*

**ARR of
USD 20M+**

**Long-term EBITDA
margin target >25%**

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

