

# 2Q22 Presentation



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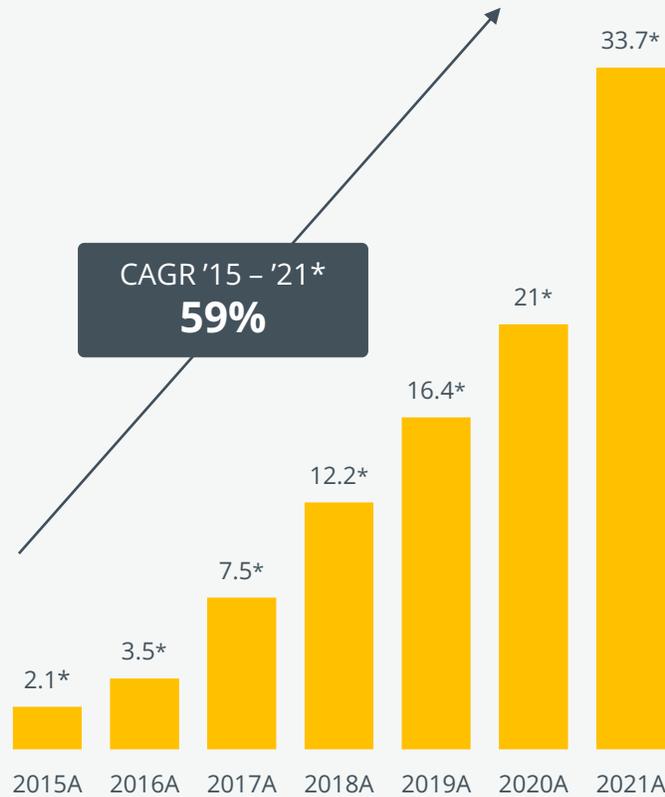


# Purpose

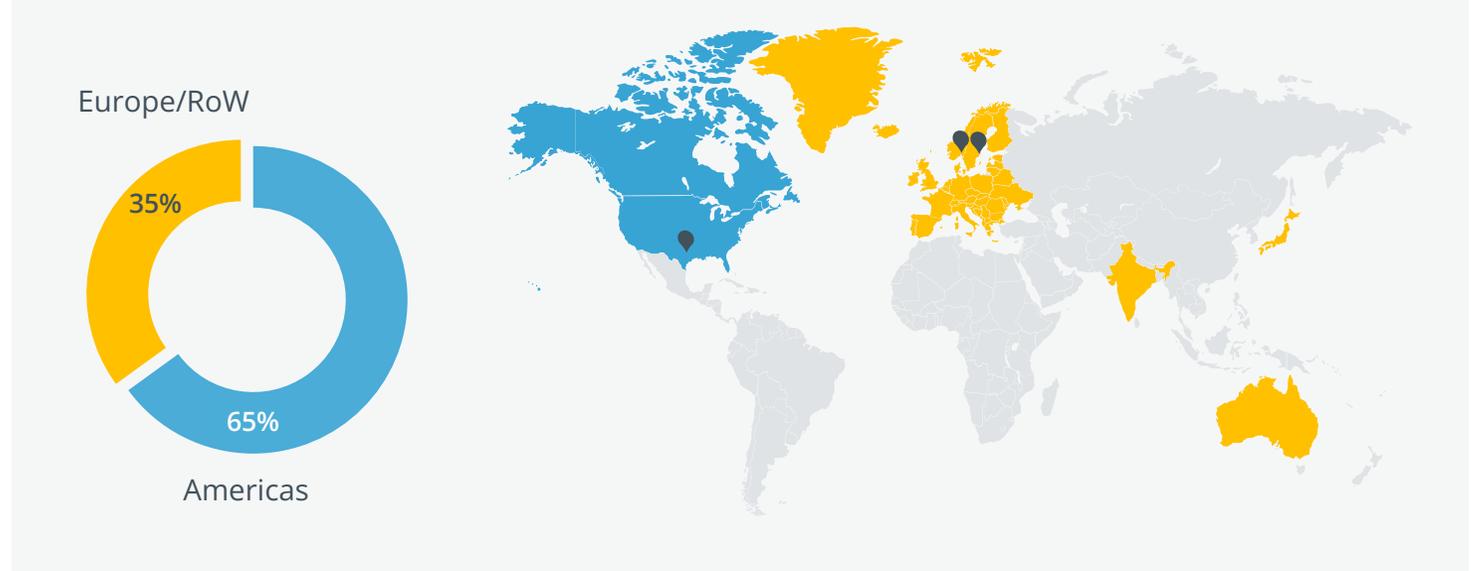
Empower the world to **breathe better**

# High-growth and expanding business

REVENUE (USD M)



REVENUE SPLIT (1H22)



SELECT RETAIL/ECOMMERCE PARTNERS



SELECTED Airthings for Business PARTNERS

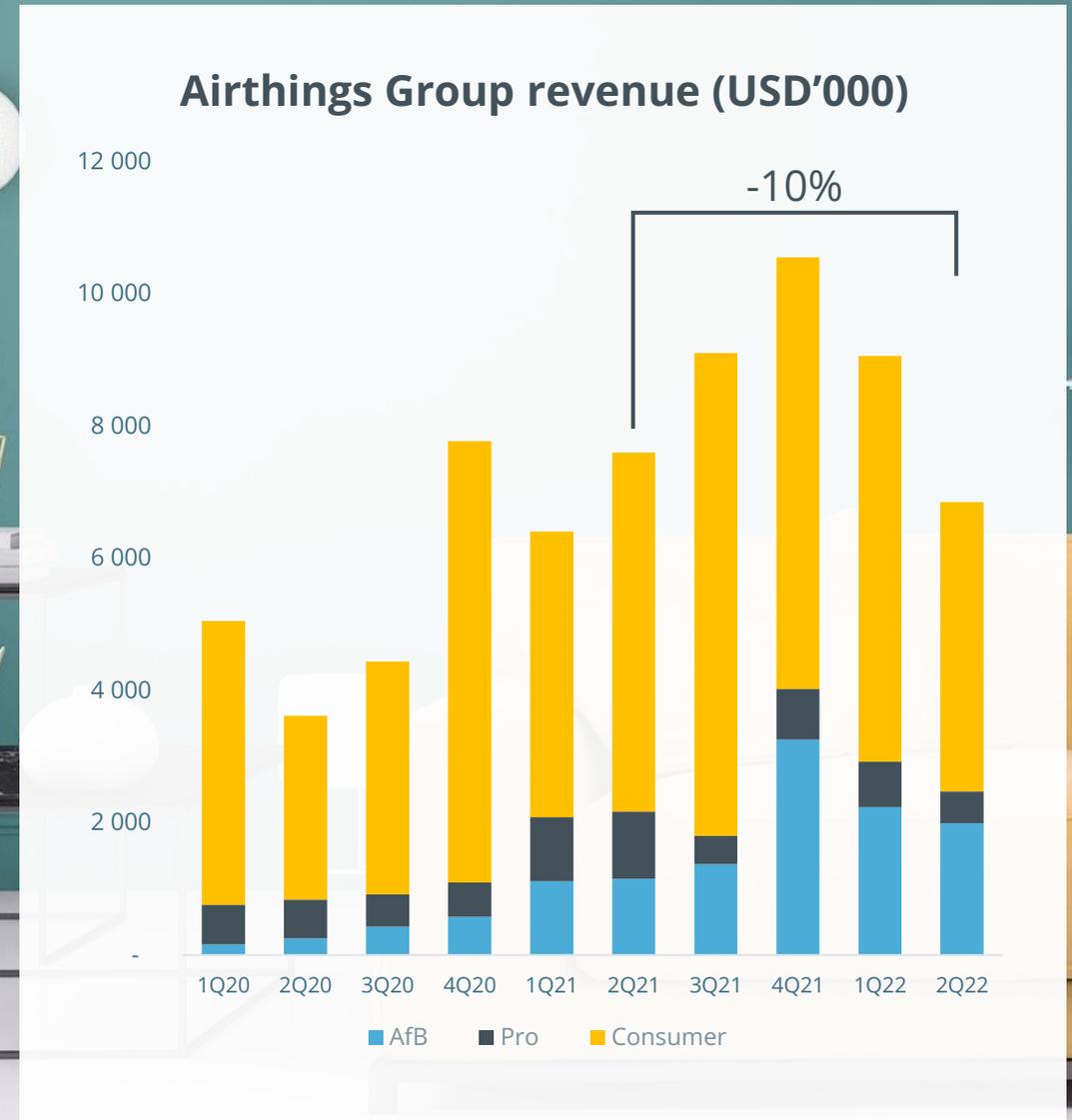


AWARENESS



# 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**



# 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**

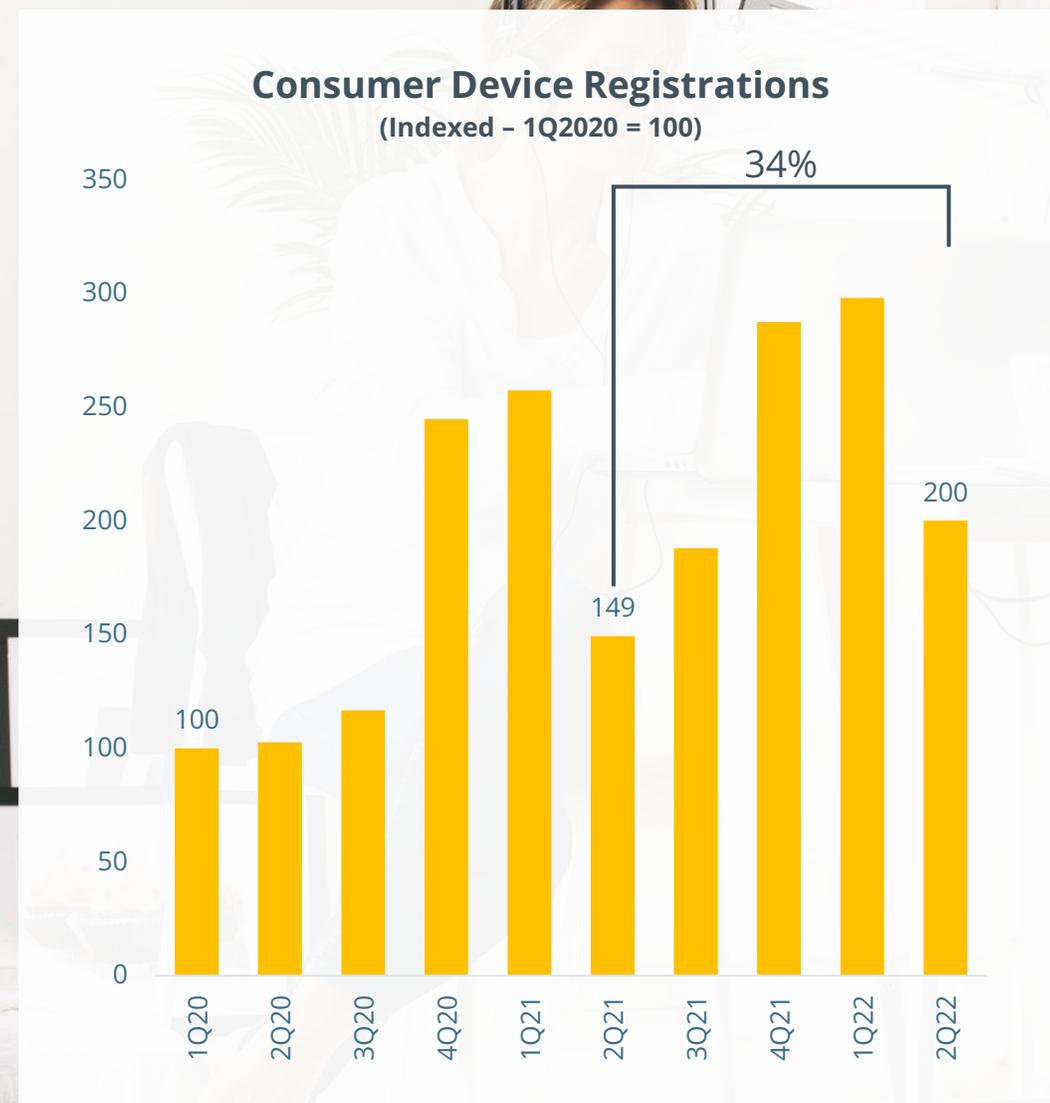


**Airthings is disrupting**  
the building automation  
market by directly  
controlling the HVAC  
system of more and more  
buildings –  
improving air quality and  
energy efficiency

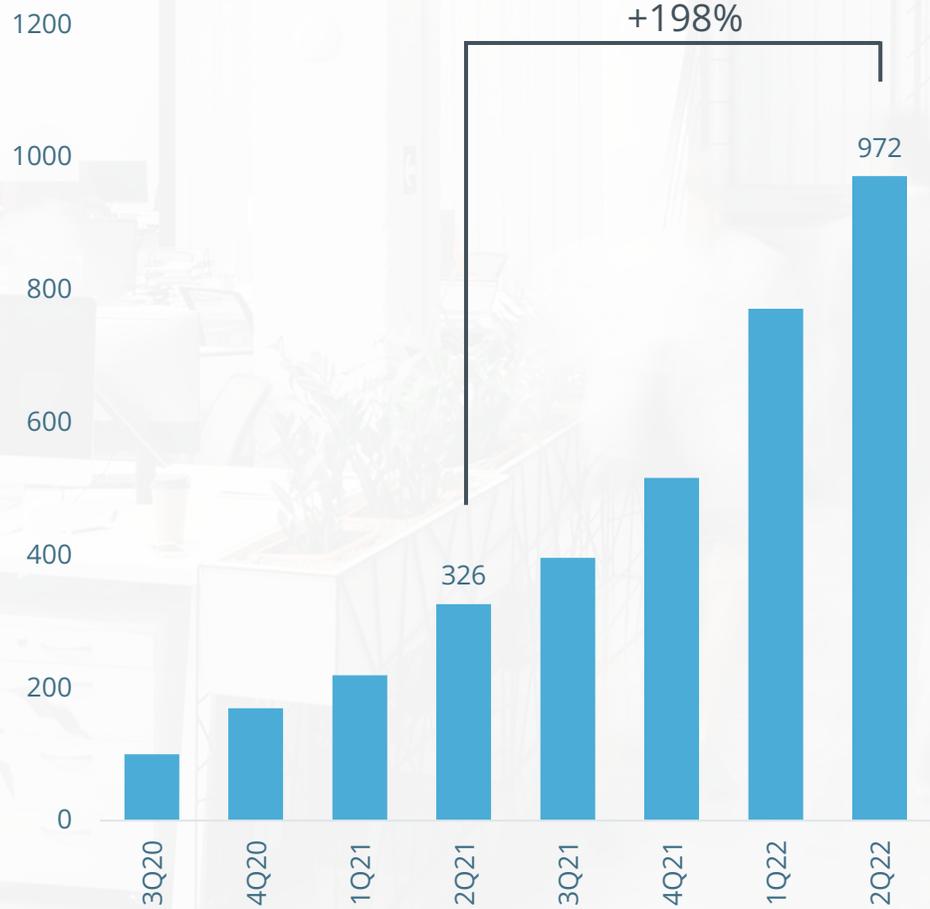
Optimizing cost base and  
working capital to  
accelerate the path to  
profitability

# 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)

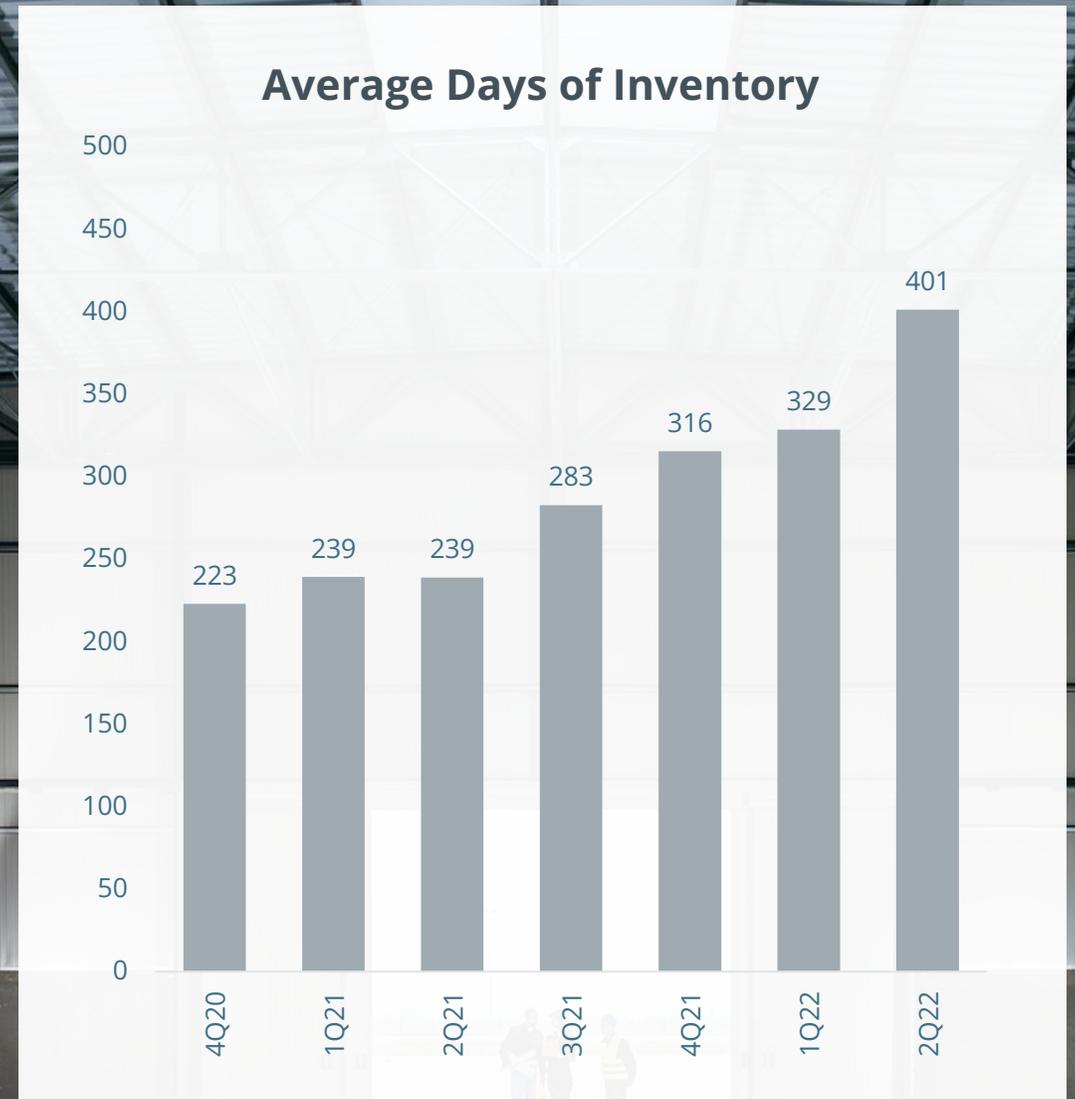


# Rapidly expanding devices in the field

- 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



# 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

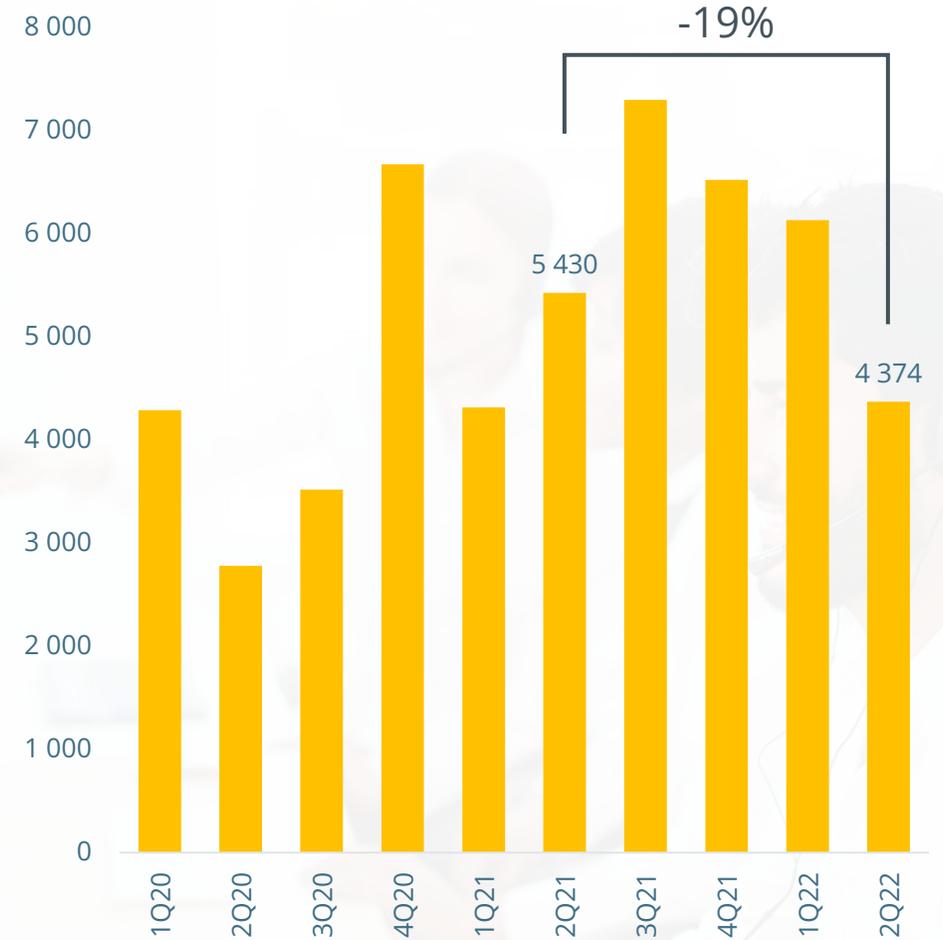
For home inspectors &  
radon professionals



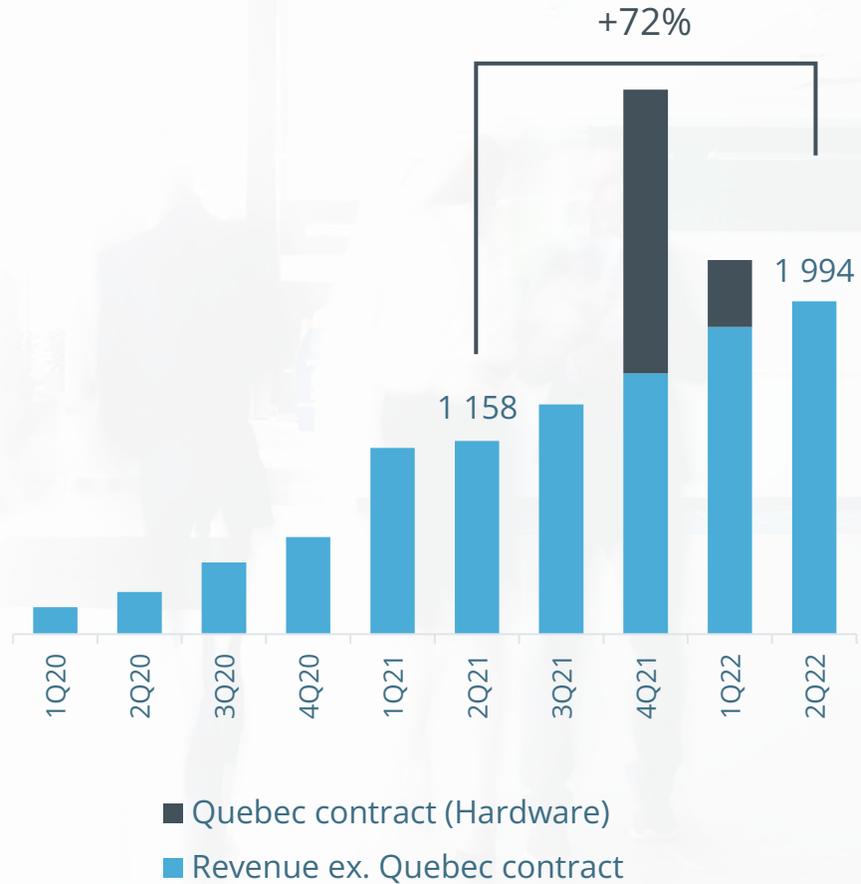
# Consumer Segment 2Q Update

- 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)

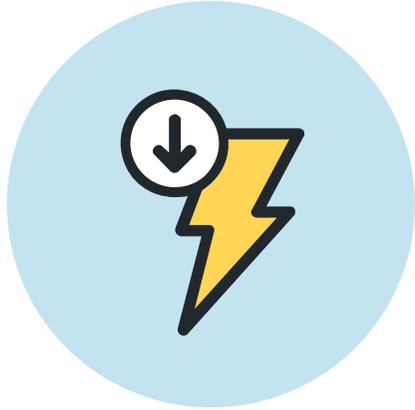


## AfB Sales Revenue (USD'000)



# 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 (produksjef 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”



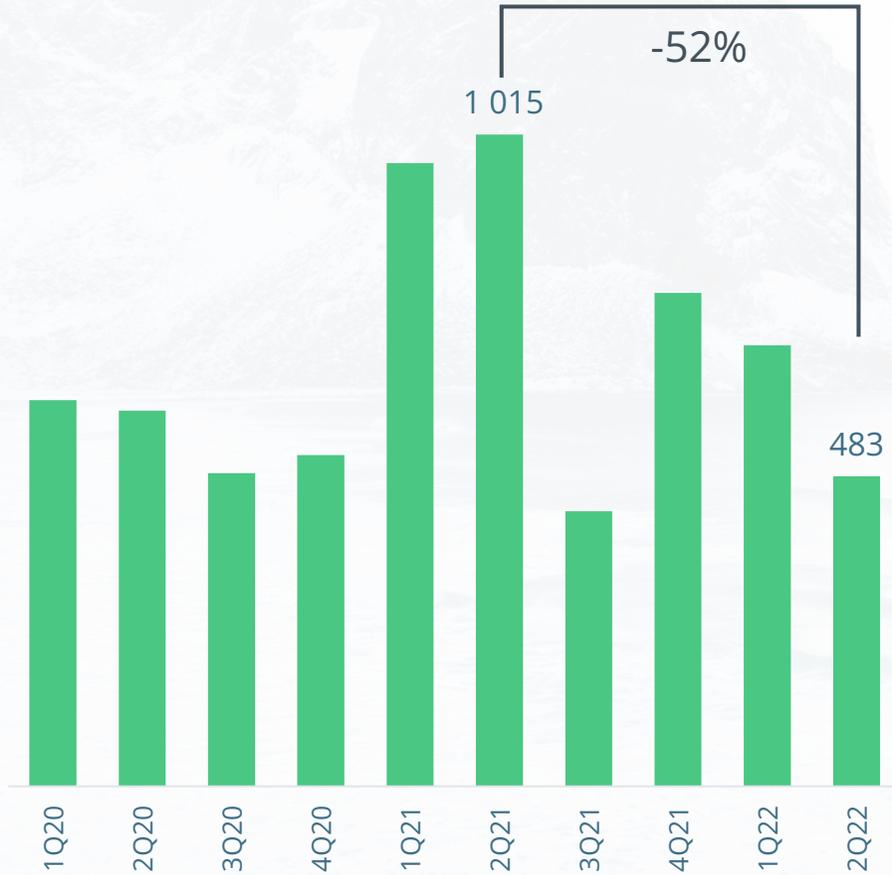
\$23k savings in Energy per year

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

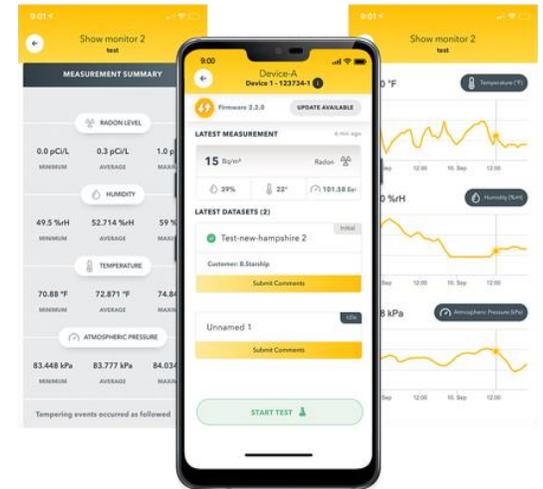
165ppm reduction in CO2 level per classroom

# Pro Segment 2Q Update

Pro Sales Revenue (USD'000)



- 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



European Environment Agency





# 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
<b>Total revenue</b>	<b>6 851</b>	<b>7 631</b>	<b>15 913</b>	<b>14 038</b>
Cost of sales	2 872	2 674	6 606	5 270
<b>Gross profit</b>	<b>3 979</b>	<b>4 957</b>	<b>9 307</b>	<b>8 768</b>
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
<b>EBITDA</b>	<b>-5 383</b>	<b>-1 857</b>	<b>-8 816</b>	<b>-4 502</b>
Depreciation and amortization	381	332	756	623
Impairment	1 522	0	1 522	0
<b>Operating profit / EBIT</b>	<b>-7 285</b>	<b>-2 189</b>	<b>-11 094</b>	<b>-5 125</b>
Financial income / (expenses)	1 529	108	1 241	-62
<b>Profit (loss) before tax</b>	<b>-5 756</b>	<b>-2 082</b>	<b>-9 853</b>	<b>-5 187</b>
Income tax	-1 306	45	-2 271	239
<b>Net profit (loss)</b>	<b>-4 451</b>	<b>-2 127</b>	<b>-7 582</b>	<b>-5 426</b>
<b>Earnings per share (USD)</b>				
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
<b>Assets</b>		
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
<b>Total non-current assets</b>	<b>14 995</b>	<b>14 383</b>
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
<b>Total current assets</b>	<b>51 746</b>	<b>70 264</b>
<b>Total assets</b>	<b>66 742</b>	<b>84 647</b>
<b>Total equity</b>	<b>53 350</b>	<b>71 385</b>
Non-current lease liabilities	2 874	4 067
Deferred tax liabilities	-	324
Non-current provisions	183	822
<b>Total non-current liabilities</b>	<b>3 058</b>	<b>5 214</b>
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
<b>Total current liabilities</b>	<b>10 334</b>	<b>8 048</b>
<b>Total equity and liabilities</b>	<b>66 742</b>	<b>84 647</b>

# 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

