



**AIRTHINGS**

# **3Q20 Presentation**

**19 November 2020**

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# ***PURPOSE***

***Empower the world to  
breathe better***

# MISSION

*Airthings is on a mission to ensure people around the world **take control of their air quality** through simple, sustainable and accessible technology solutions - making **radon and air quality solutions** an essential and universal element for every building or home*

# Hardware-enabled software company addressing global issues

## Challenge: Poor indoor air quality and energy waste

90% of time spent indoors where air quality is 2-5x worse than outside



Inadequate air quality



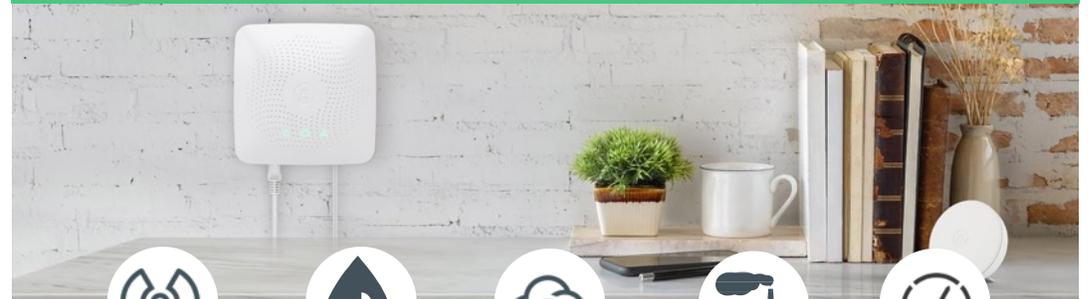
Indoor air contaminants



Energy efficiency

- ⊗ Cause of cancer, asthma and allergies
- ⊗ Increased risk of transmission of viruses and bacteria
- ⊗ Reduced productivity, poor sleep, and well-being
- ⊗ Wasted energy usage

## Solution: Airthings



Radon



Humidity



Poor ventilation



Pollution



Pressure

- ⊕ Leader and thought-leader of indoor air quality monitoring
- ⊕ World leading products and solutions that are easy to use for B2C and B2B
- ⊕ Actionable insights enabled by analytics and machine learning
- ⊕ Open ecosystem and user-friendly dashboards



LIGHT



MOLD RISK



CO<sub>2</sub>



OCCUPANCY



TVOC



VIRUS RISK



# 40% of global energy consumption from buildings

There are energy saving opportunities in all buildings

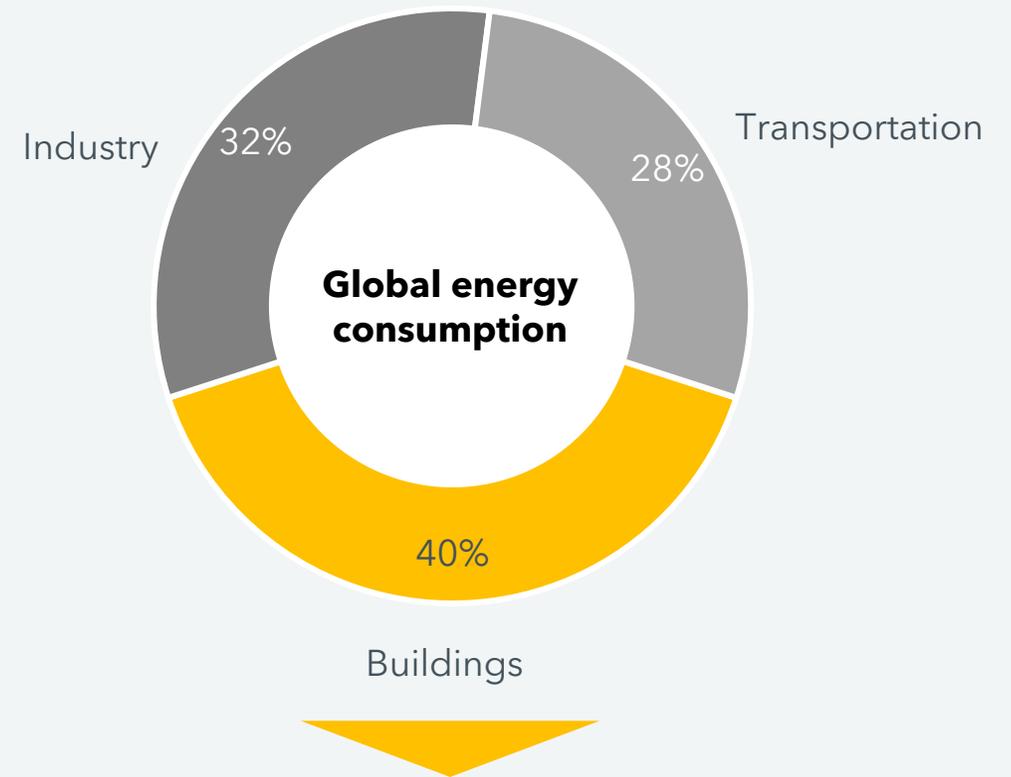
<b>&gt; 10%</b> Ventilation control	<b>ENERGY REDUCTION WITH AIRTHINGS</b> More than 10% of energy consumption can be saved by optimizing heating, ventilation and air conditioning
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<b>15%</b> Pressure control	<b>ENERGY REDUCTION WITH AIRTIGHT</b> On average during operating hours, 15% of energy consumption can be saved by aligning indoor and outdoor pressure with Airtight
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**Airthings enables a reduced CO2 footprint**

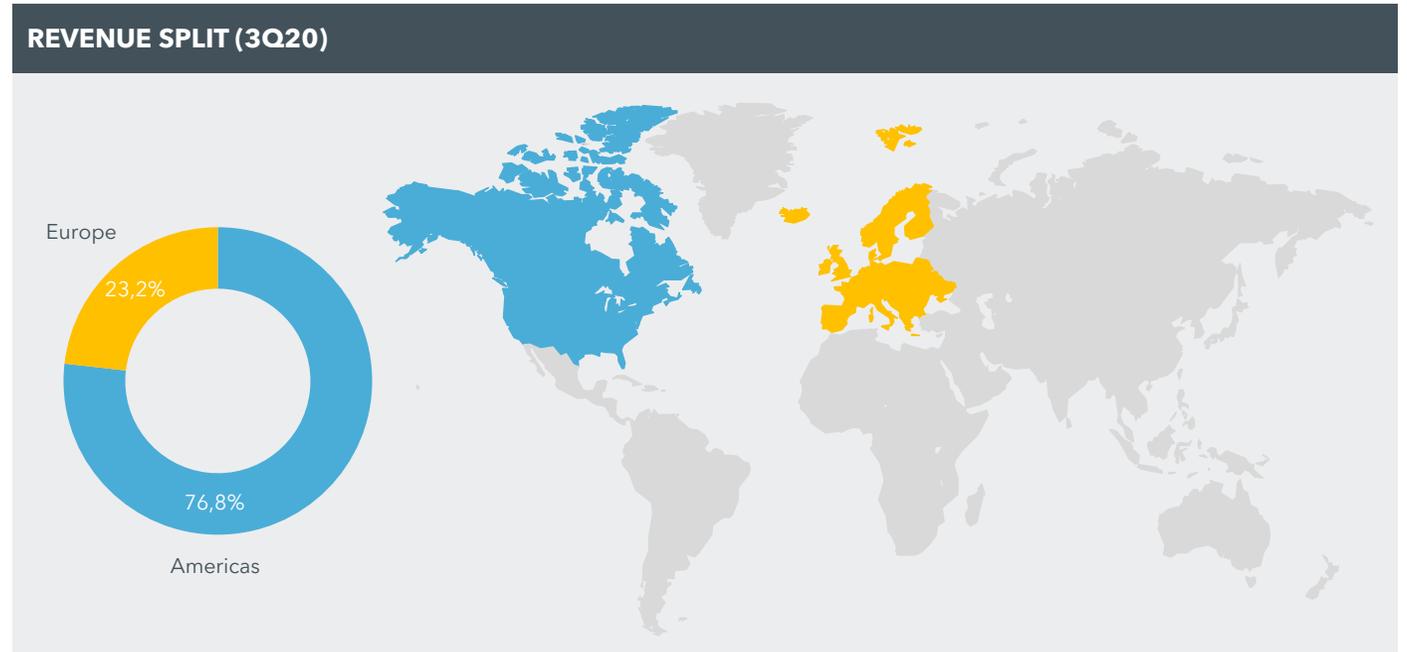
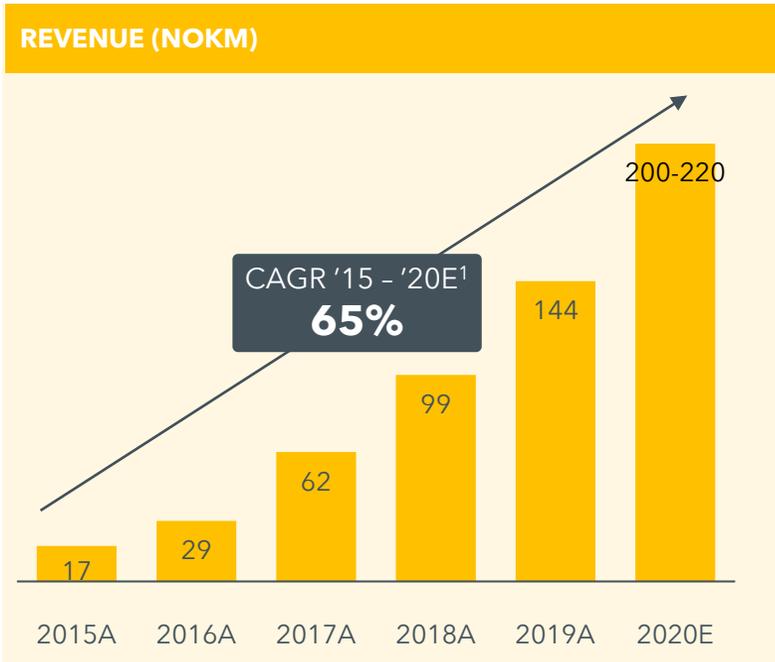


Source: European Commission CORDIS EU research results, International Energy Agency (IEA)



**Airthings can save >20% of the total energy consumed by buildings**

# High-growth business with an international footprint



**~100 employees** from more than 25 nations

**HQ in Oslo**, with offices/sales out of Chicago, Stockholm, Boston, Atlanta, Florida, Munich, London, Bergen, and Quebec City

SELECT RETAIL/E-COMMERCE PARTNERS	SELECTED «FOR BUSINESS» PARTNERS	AWARENESS PARTNERS



1) Midpoint of estimated revenue range 2020E

# Our core value propositions



Improve quality of  
living and health

in

**homes**



Improve  
productivity and  
overall health

in

**offices**



Improve academic  
performance and  
attendance

at

**schools**



Improve energy  
efficiency and area  
utilization

in

**buildings**



# Three main business units, also serving as segmentation in our financial reporting



For everyone with a home

**For consumers**



For facility management, system integrators & HVAC and public sector

**For business**



For home inspectors and radon professionals

**For pro**



# The Airthings system

### Wireless sensors



Video link



### Connectivity



5G or Ethernet

Hub via SmartLink



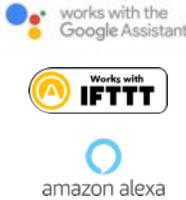
App via Bluetooth

### Cloud & analytics

Airthings Cloud

REST API / Webhook

B2B integrations | B2C integrations



Control



### User interface



Business



Consumer



# Highlights 3Q20



# Main events during the third quarter

## Quarterly Highlights



**Strong 3Q**  
*(despite normally being our weakest quarter of the year)*



Rolled out as a **core product on-shelf in 545 Home Depot stores**



**Successful launch of the Mold Risk Indicator** for Wave Mini



**Acquisition of Airtight** done and integration ongoing

## Quarterly Lowlights

Poor 3Q Gross Profits at 62% due to logistical challenges and product mix. GPM still expected strong for the year with >66%

Delivered "Airthings for Business" to **60 schools in Netherlands**

**420 tons of CO2 in yearly savings** by Airthings controlled buildings, YTD



Wave Plus is **RESET accredited**

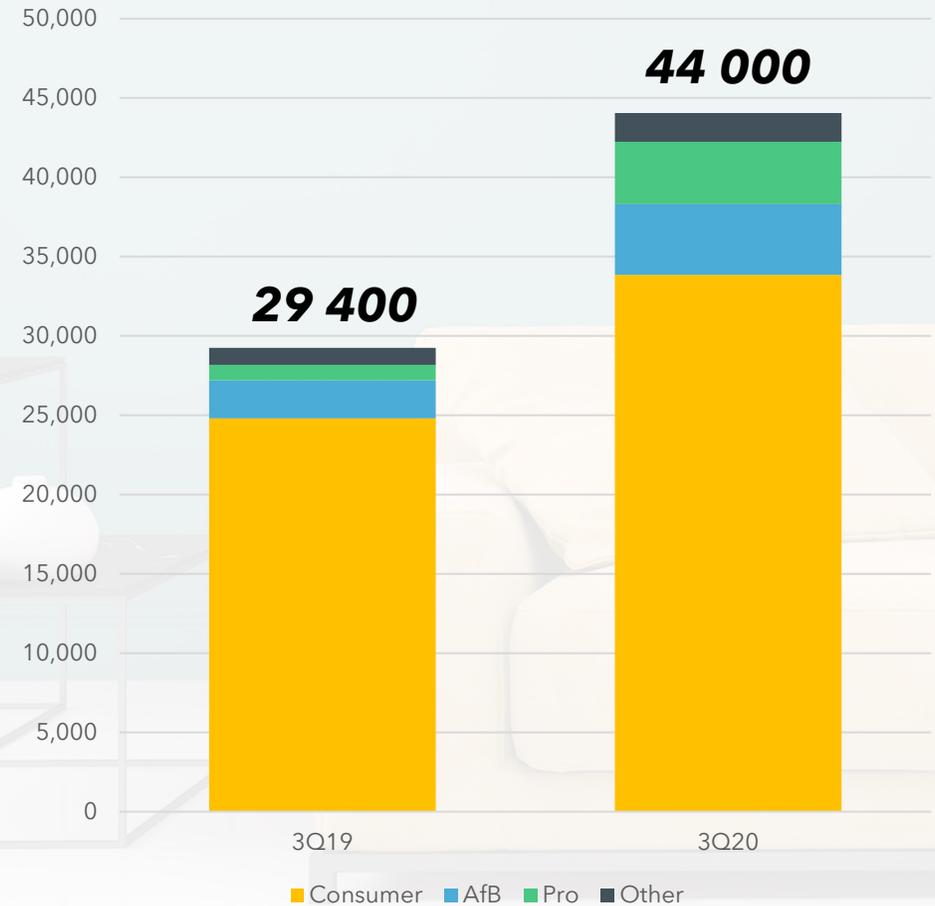


Store roll-outs in central Europe delayed due to COVID-19

# Strong growth in 3Q

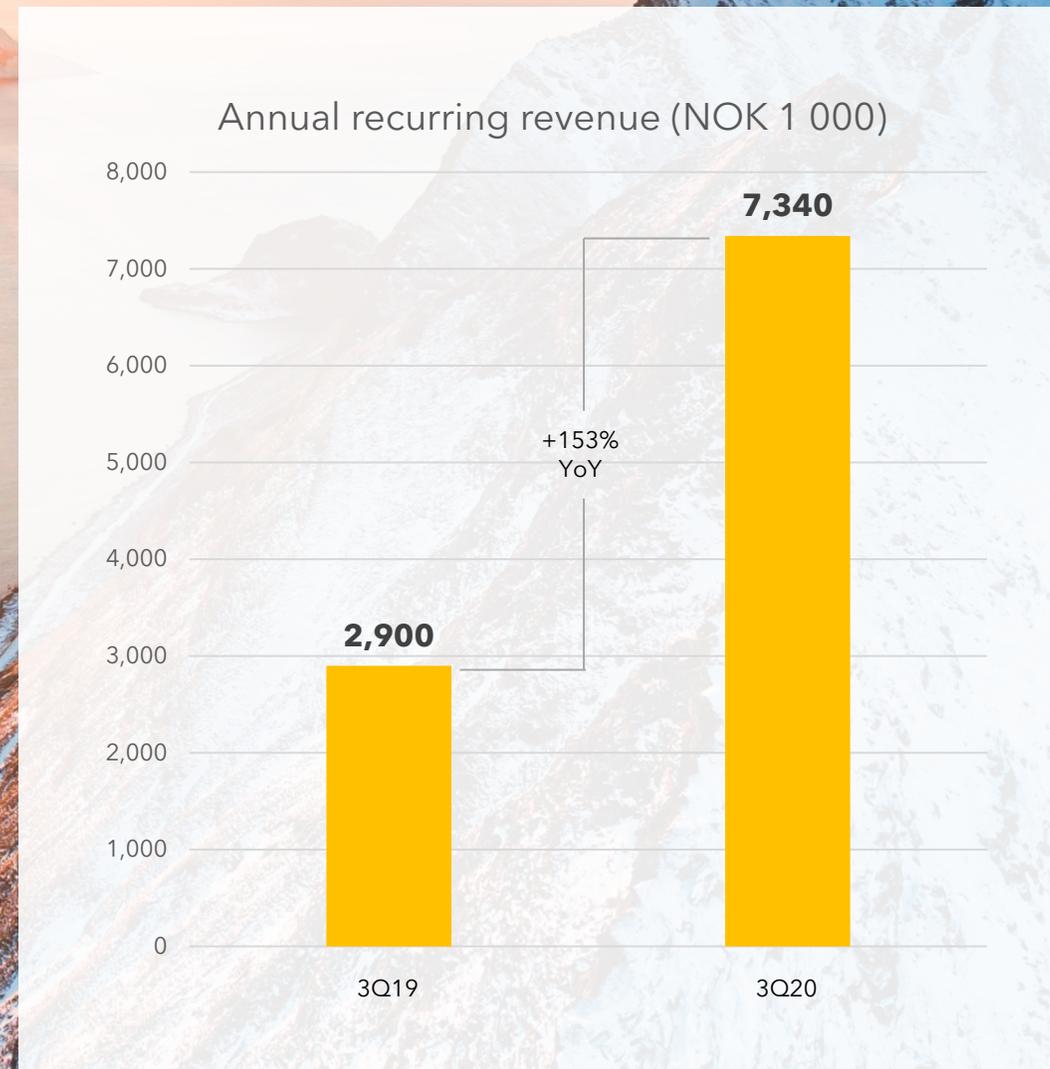
- **50% YoY growth** with 3Q20 revenues of NOK44m. Sales revenues of NOK42.3m
- YTD growth of **57%**
- Airthings for Business growing fast with **308% YoY growth** to NOK4m
- **Consumer growth of 36%** to NOK 33.9m
- **PRO growth of 89%** to NOK4.5m
- Still limited effect from **Airtight**
- Annual Recurring Revenues of **NOK7.3m** EoP 3Q

YoY Growth (NOK 1 000)



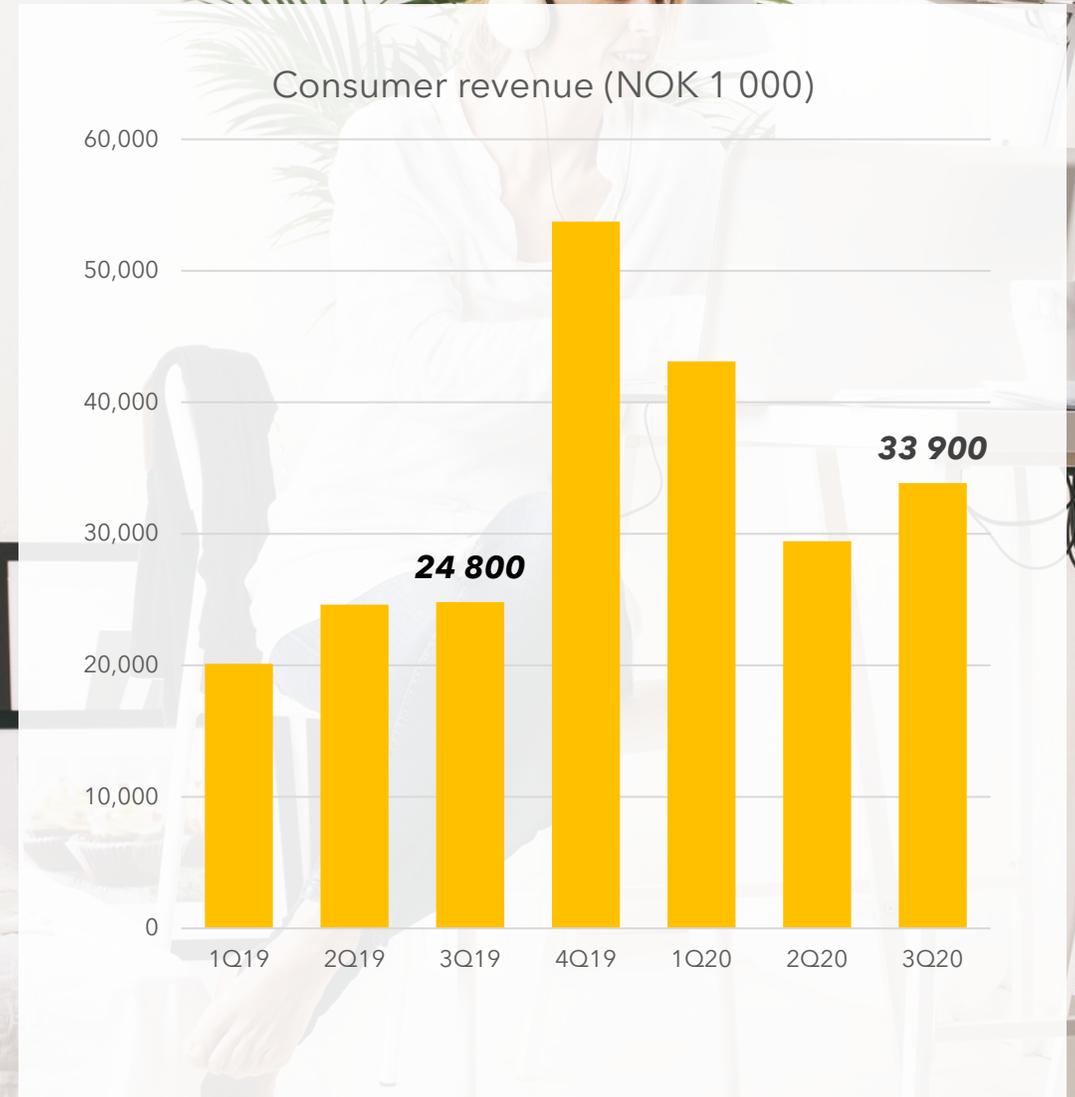
# Annual Recurring Revenue (ARR)

- Exponential **growth continues**
- **Strong execution** especially towards
  - Public sector
  - Facility management partners
  - System integrators
- Airtight product to **boost ARR going forward**
- Creates **increasing forward revenue** visibility



# Consumer 3Q update

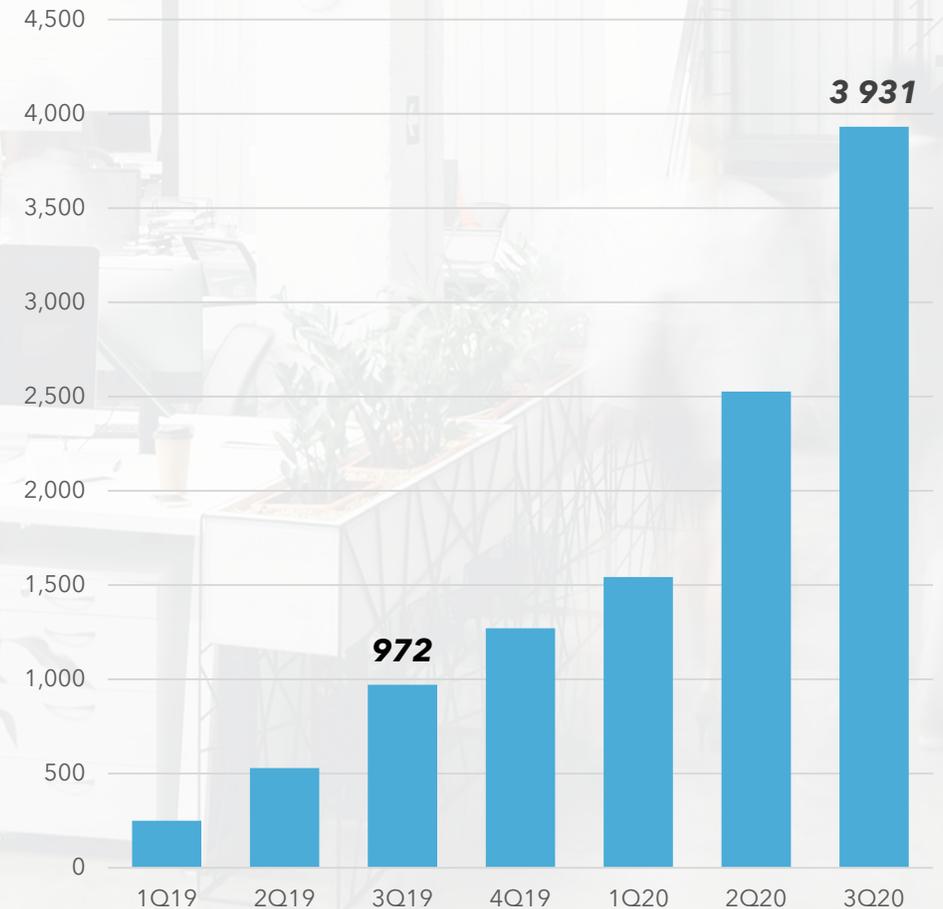
- 3Q Sales revenues of NOK33.9, representing **36% YoY growth** despite some promotional activities and new store roll-outs pushed out from 3Q (COVID-19)
- **Increased awareness** of Air Quality due to wild-fires and COVID
- **Improved Amazon Review scores**, and high sales growth of our smart products
- **>NOK30m order** from Amazon US for 4Q delivery
- **Home Depot roll-out** is already generating weekly re-orders
- **The Mold Risk Indicator** has significantly increased growth rate and reviews of Wave Mini
- **Introduction of House Kit** in 2Q drove higher AUP in 3Q
- **Challenge with competitive pricing** between US retailers is creating market price fluctuations



# Airthings for Business 3Q update

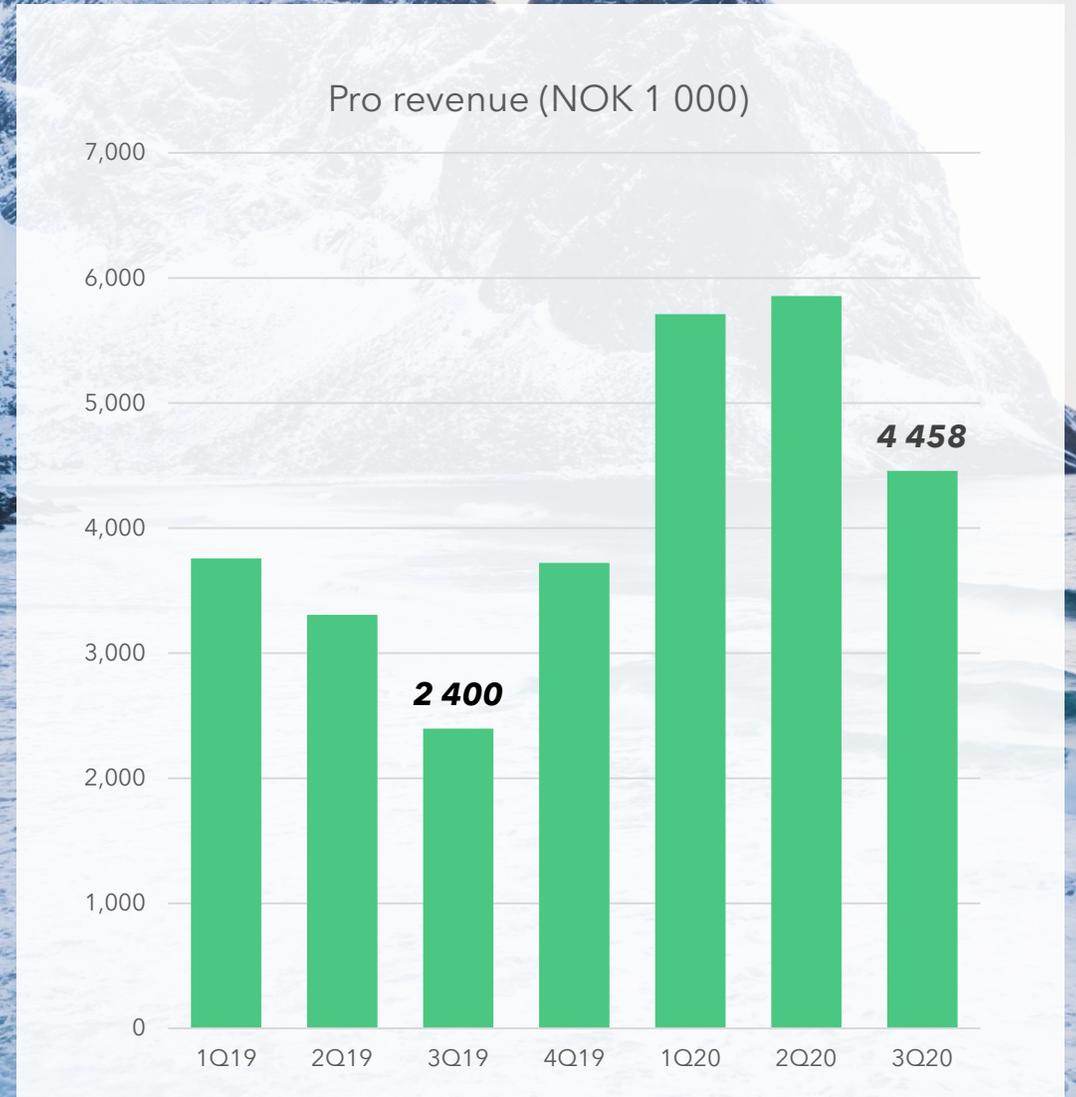
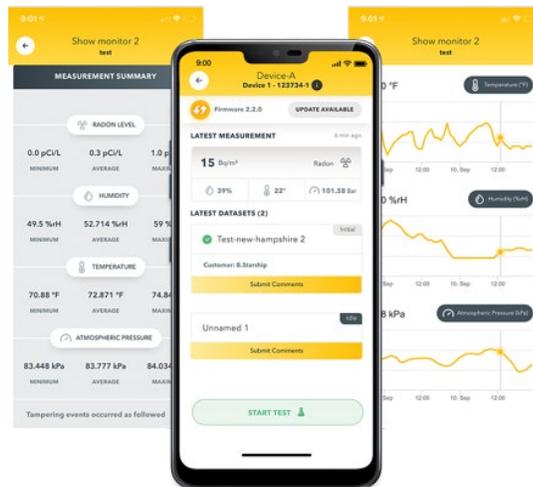
- Sales revenue of NOK4m, representing **305% YoY growth**
- **Revenue and ARR growth** driven by Facility Management, Public Sector, and System Integrators
- **Airtight acquisition** - integration started
- **Opened Stockholm office** with an experienced sales team from Yanzi Networks
- **Added sales coverage in Atlanta and Boston**, in addition to the US coverage in Chicago and New York
- **Signed global partnership** and reseller agreement with Schneider Electric
- **High attention on air quality due to COVID-19.** Significant increase of inbound leads and new sales.

Airthings for business revenue (NOK 1000)



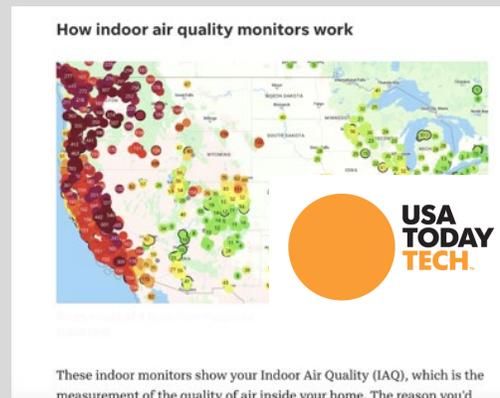
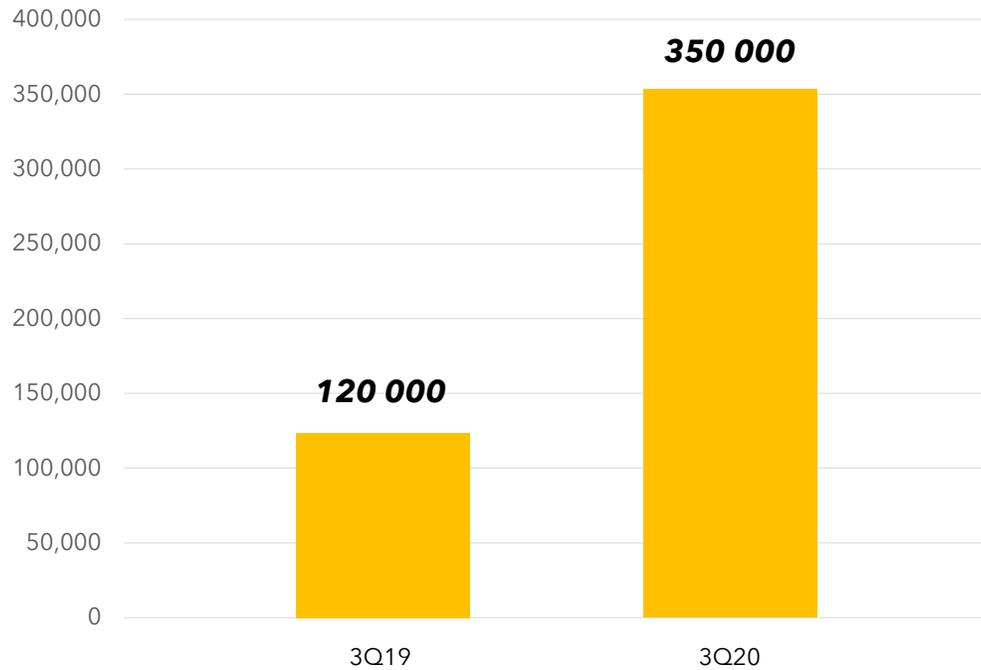
# Pro 3Q update

- Sales revenue of NOK4.5m, representing **86% YoY growth**
- **High demand** from Home Inspectors with strong real-estate market in the US
- **Strong backlog** with supply challenges end of 3Q
- **New mobile APP and Web Dashboard** with improved user experience is creating a higher demand



# Significant growth in web traffic and press coverage

Unique Web User Sessions (airthings.com)



# Financials



# 3Q Key figures

## Revenues up 50% YoY

## Gross margin at 64% down 9%-points YoY

- Higher share of AfB product sales with lower margin
- Campaigns in conjunction with HD roll-out
- Amazon deal of the day on Wave Plus

## EBIT of -NOK10.7m

- Increased personnel expenses in accordance with expansion plan
  - Took on entire Yanzi sales-team
  - Acquired Airtight and brought on entire team
- Performance marketing costs
- Campaign costs

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Consolidated income statement (NOK 1 000)</b>	<b>3Q20</b>	<b>3Q19</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>2019</b>
Sales	42 186	28 176	130 810	80 743	139 472
Other revenues	1 805	1 068	2 065	3 472	4 809
<b>Total revenue</b>	<b>43 991</b>	<b>29 243</b>	<b>132 876</b>	<b>84 216</b>	<b>144 281</b>
Cost of sales	16 006	8 103	44 017	23 738	39 202
<b>Gross profit</b>	<b>27 985</b>	<b>21 140</b>	<b>88 858</b>	<b>60 478</b>	<b>105 079</b>
Payroll expenses	17 746	10 806	57 591	34 182	47 979
Other operating expenses	20 216	19 425	62 394	45 492	68 805
Depreciation and amortization	694	276	1 742	802	694
<b>Operating profit / EBIT</b>	<b>-10 671</b>	<b>-9 368</b>	<b>-32 869</b>	<b>-19 999</b>	<b>-12 398</b>
Financial income	5 315	-3 531	13 835	2 340	4 374
Financial expenses	5 310	-3 883	10 836	2 557	5 161
Financial income / expenses - net	5	353	2 999	-216	-787
<b>Profit (loss) before tax</b>	<b>-10 666</b>	<b>-9 015</b>	<b>-29 870</b>	<b>-20 216</b>	<b>-13 186</b>
Income tax	-9	-3	-13	-21	3 992
<b>Net profit (loss)</b>	<b>-10 676</b>	<b>-9 018</b>	<b>-29 883</b>	<b>-20 236</b>	<b>-9 194</b>
<b>Pre-split earnings per share (NOK)*</b>					
Basic earnings per share	-16.52	-15.88	-48.57	-37.05	-24.13
Diluted earnings per share	-16.52	-15.88	-48.57	-37.05	-24.13
<b>Post-split earnings per share (NOK)**</b>					
Basic earnings per share	-0.08	-0.08	-0.24	-0.19	-0.08
Diluted earnings per share	-0.08	-0.08	-0.24	-0.19	-0.08

\*EPS is calculated using pre-split average shares outstanding for the period. Split of 200 was completed October 2020.  
 \*\*EPS is calculated using post-split average shares outstanding for the period. Split of 200 was completed October 2020



# Cash flow

## Negative cash from operating activities

- According to plan
- Negative operating profits
- Increased accounts receivables

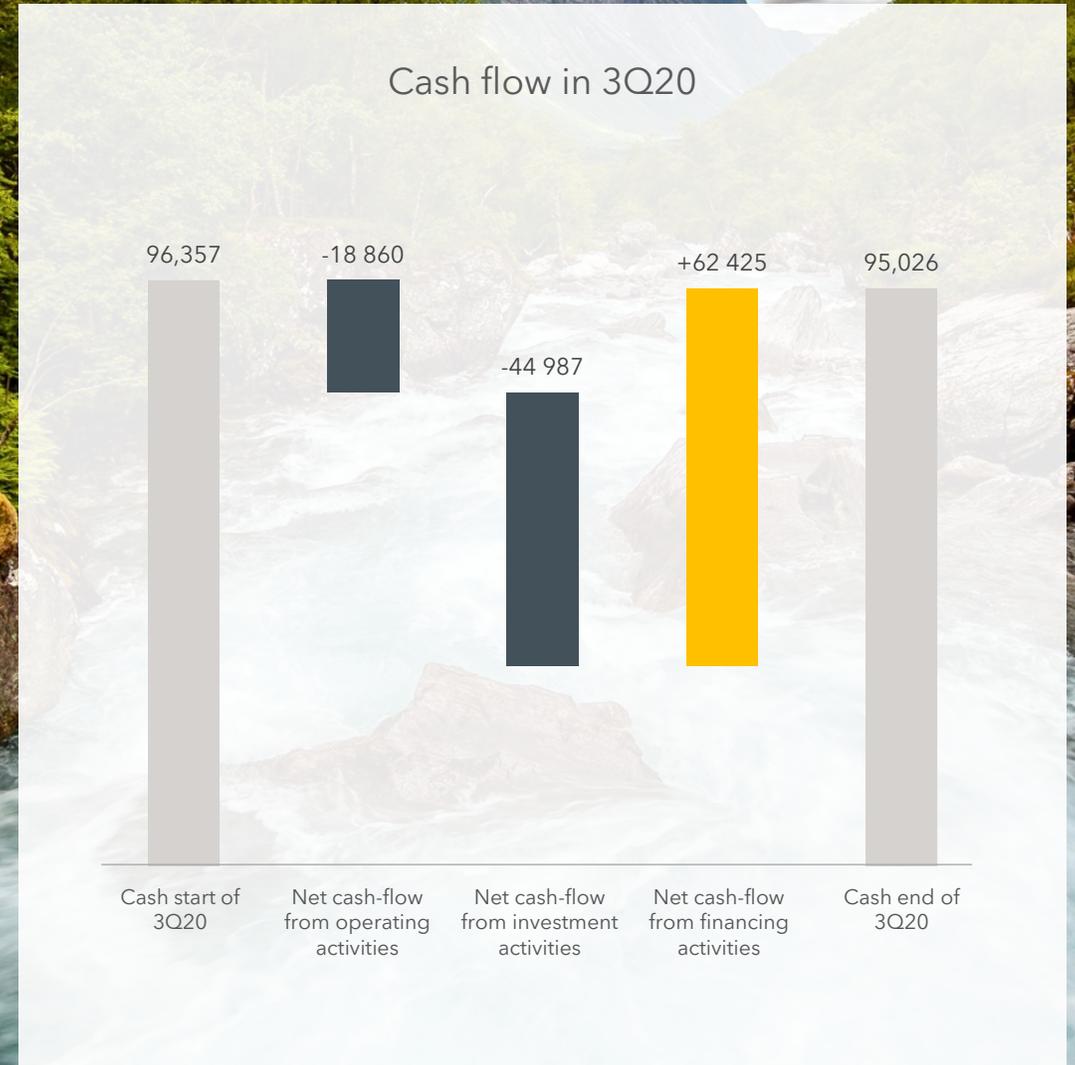
## Negative cash from investment activities

- Airtight acquisition

## Positive cash from financing activities

- Capital raise to acquire Airtight
- Instalments on long-term debt deferred due to Covid-19

**NOK500m private placement in conjunction with IPO in 4Q**



# Balance sheet

- Change in non-current assets reflects **acquisition of Airtight**
- **Change in current assets due to capital raise** in conjunction with acquisition and IPO
  - Change in cash and cash equivalents reflects capital raise in 2Q and 3Q
  - Raised additional NOK500m in private placement in conjunction with IPO in 4Q
- 27% of long-term interest-bearing debt **expected paid down next 12 months**
  - Instalments halted on growth loan until October 2020.



	Unaudited	Audited
<b>Consolidated balance sheet (NOK 1 000)</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
<b>Assets</b>		
Research & development	4 572	
Licenses	4 689	3 672
Deferred tax asset	4 477	4 477
Goodwill	39 029	
Tangible assets	4 061	2 312
Long-term receivables	790	337
<b>Total non-current assets</b>	<b>57 616</b>	<b>10 798</b>
Inventory	30 478	29 029
Accounts receivables	41 085	40 737
Other short term receivables	19 604	14 169
Cash and cash equivalents	95 026	49 077
<b>Total current assets</b>	<b>186 194</b>	<b>133 012</b>
<b>Total assets</b>	<b>243 810</b>	<b>143 809</b>
<b>Equity and liabilities</b>		
Total paid-up equity	221 204	97 820
Other equity	-28 340	-314
<b>Total equity</b>	<b>192 863</b>	<b>97 507</b>
Interest bearing long-term debt	12 373	17 889
Other provisions	547	
<b>Total non-current liabilities</b>	<b>12 920</b>	<b>17 889</b>
Accounts payable	18 193	12 149
Tax payable	113	39
Public duties payable	2 578	3 416
Interest bearing short-term debt	4 683	
Other short-term debt	12 460	12 810
<b>Total current liabilities</b>	<b>32 345</b>	<b>28 414</b>
<b>Total equity and liabilities</b>	<b>243 810</b>	<b>143 809</b>

# Outlook



# Growth initiatives



For everyone  
with a home

## For consumers

Improved and expanded online presence, including Amazon

Entering new markets

Localized air quality and radon awareness campaigns

Expanding retail presence

New products and features based on feedback and demand



For facility management,  
system integrators &  
HVAC and public sector

## For business

Adding bandwidth with new sales offices

Expanding Airtight into Europe and US

Focusing on enterprise customers and global distribution partners

Virus Risk Indicator campaign

New products and features



For home inspectors and  
radon professionals

## For pro

Airthings calibration lab opened in Massachusetts

Moving all US annual calibration to Airthings internal lab

New certifications to increase total available Home Inspector market

Launching Airthings Pro Academy

# Ongoing campaigns

## Virus Risk Indicator

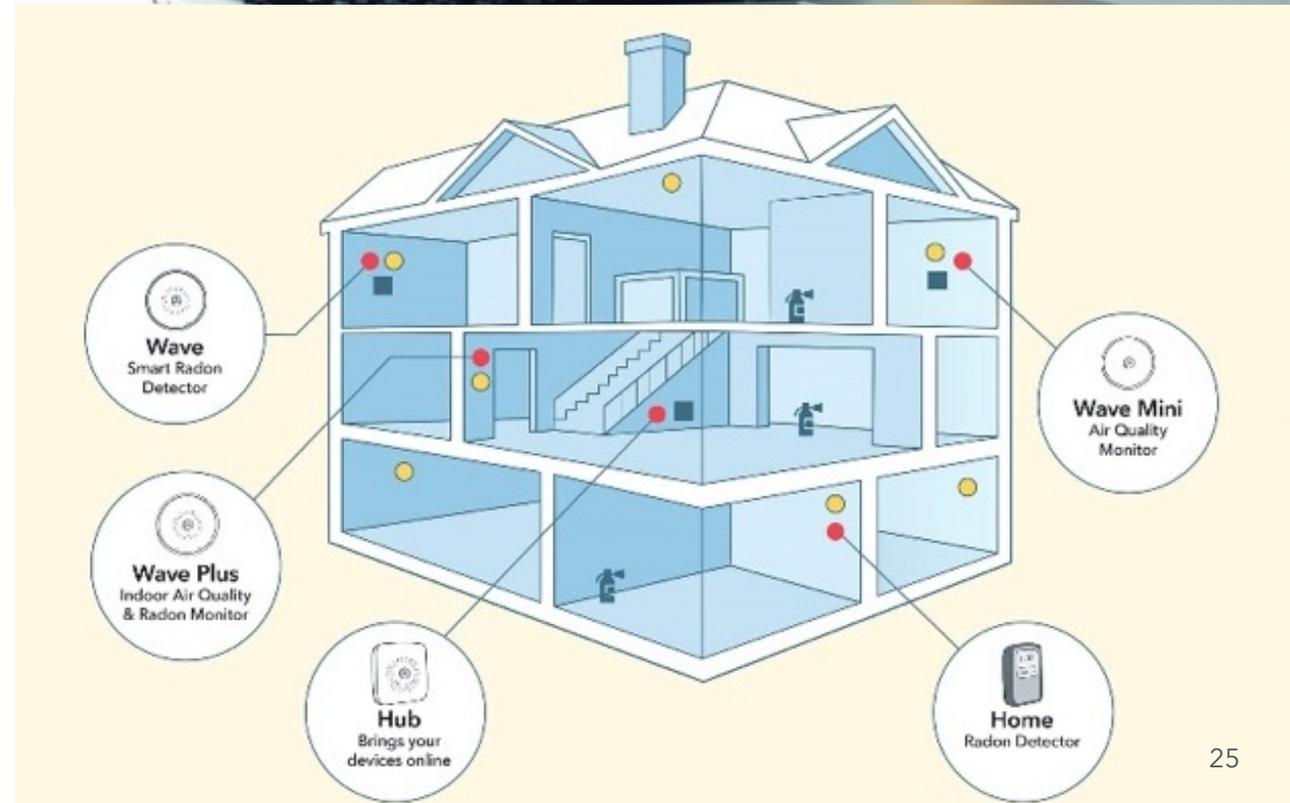
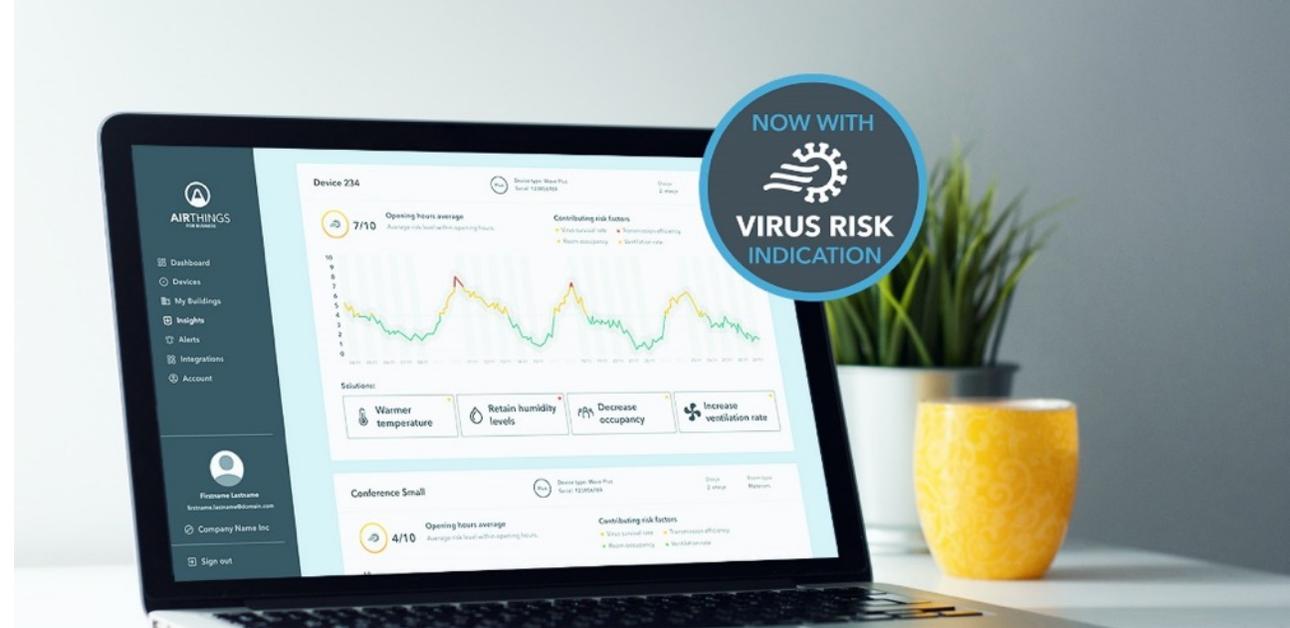
- Launched November 18<sup>th</sup>
- Relevant for Schools, offices, and public buildings around the world

## Radon season campaign

- Canada and Norway in November, US in January
- Ads, PR, digital campaigns, radio ads

## Fire & Safety month

- Campaigns with retailers in the US



# Virus Risk Indicator

*For buildings where people thrive, but viruses don't.*

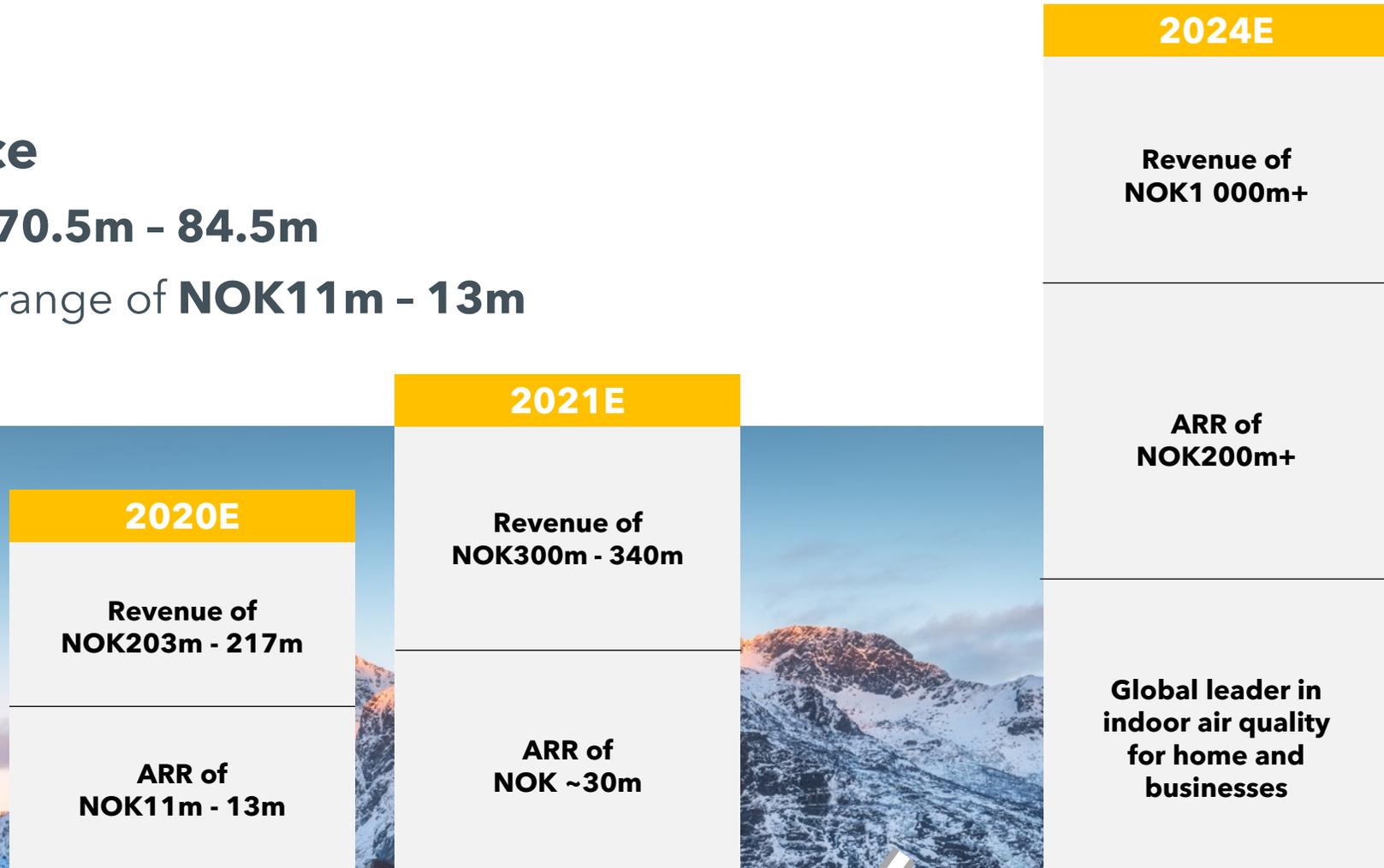
- **Monitor, manage and reduce the transmission risk of airborne virus** within an office, school or public building.
- Internally developed algorithm **uses the CO<sub>2</sub>, temperature and humidity sensors** in the Wave Plus for Business to calculate an hourly risk score and most effective solutions.
- Only available as part of an **Airthings for Business** subscription.



# Outlook

## 4Q20 Guidance

- Revenue of **NOK70.5m - 84.5m**
- Year-end ARR of range of **NOK11m - 13m**





Breathe better. Live better.