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# 3Q22 Presentation



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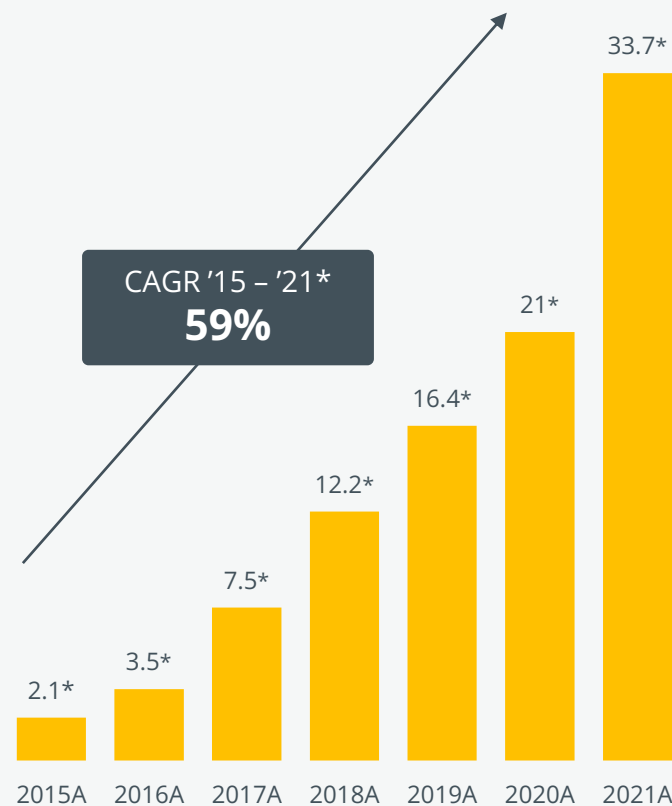
# Purpose

Empower the world to **breathe better**



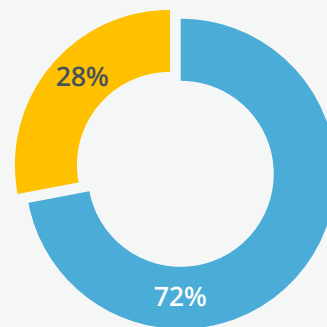
# High-growth and expanding business

REVENUE (USD M)

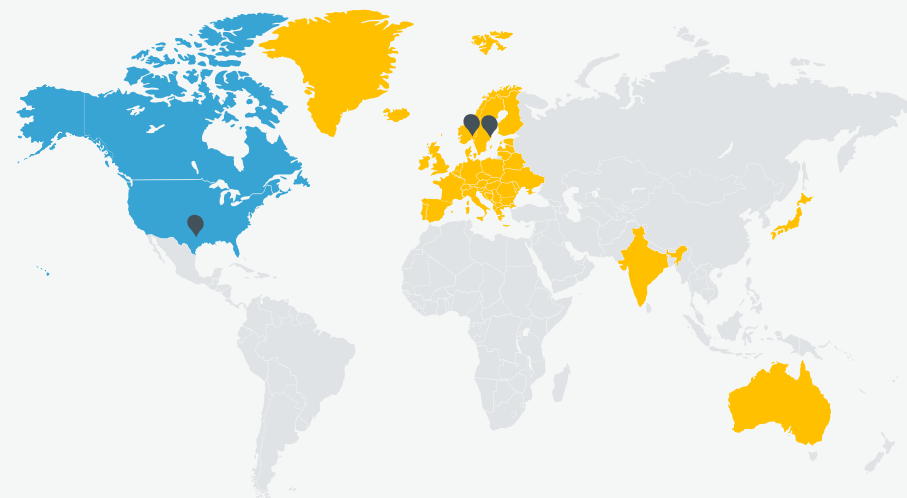


REVENUE SPLIT (YTD 3Q22)

Europe/RoW



Americas



SELECT RETAIL/ECOMMERCE PARTNERS



SELECTED Airthings for Business PARTNERS

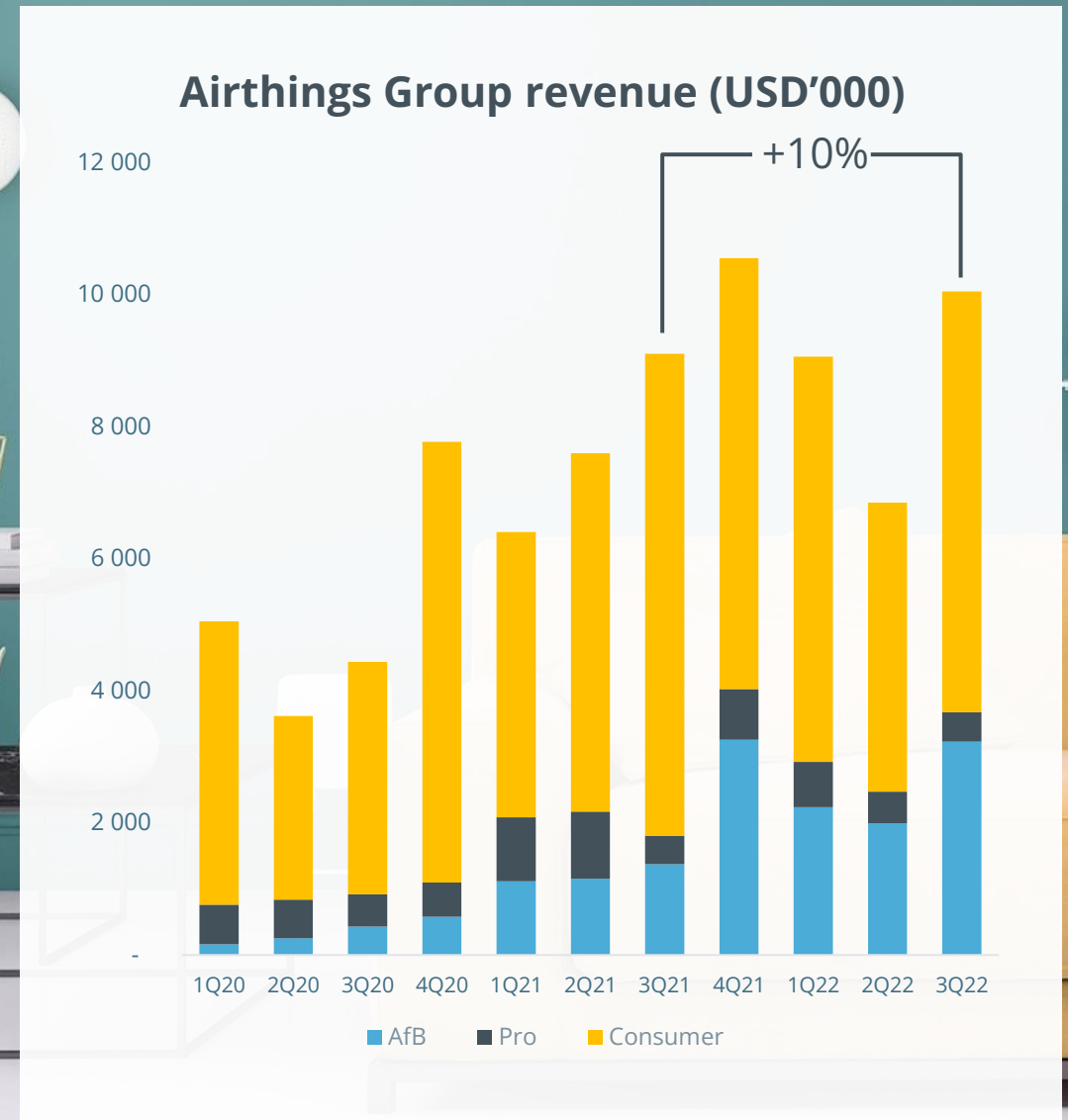


AWARENESS



# Return to growth in third quarter

- Sales revenue of **USD 10.1M**, up 10% YoY
  - Inventory replenishment picking up at retail and channel partners
  - Growth in Airthings for Business more than offsetting modest declines in Consumer
- Gross profit margin of **60%**
  - Largely in line with prior quarters
- 4Q22 revenue guidance of **USD 9 – 13M**



# 3Q Highlights

**26% growth in Consumer device registrations**

**135% YoY growth in Airthings for Business**



Signed new AfB contract worth **USD 4.6M** for global enterprise customer through US partnership. Including USD 1.4M in SaaS revenues over 3 years

Macroeconomic **uncertainty** remains

**Returned to healthier inventory levels at retail and channel partners**



**Launch of Space CO<sub>2</sub> Mini** for Airthings for Business



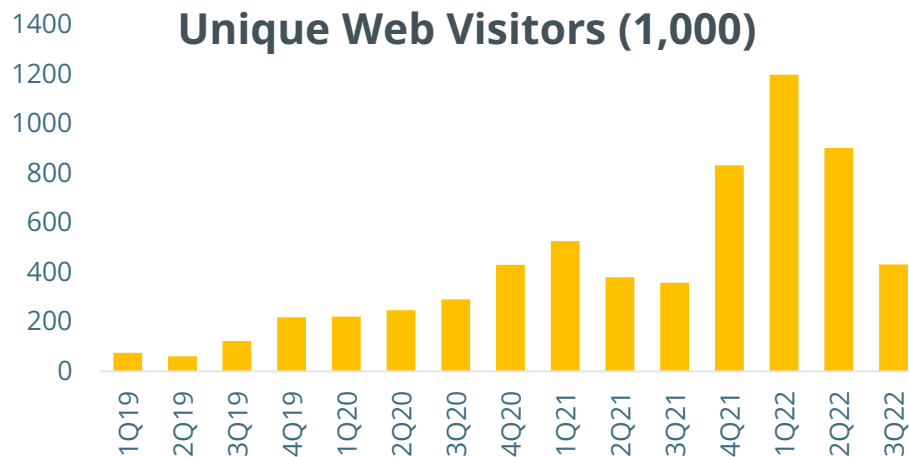
**Growing focus on IAQ** pushing awareness



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

# Brand awareness

- Continued coverage in leading publications around the world
- Participation in high exposure events including IFA (Berlin), Expo Real (Munich), and IFMA World Workplace (Nashville)
- 0.4 million Unique Web Visitors in 3Q22, and YTD 2.5 million, up 100%



London  
**Evening  
Standard**

**Better Homes  
& Gardens®**

**DIE**  **WELT**

**expo  
real**



**IFMA WORLD  
WORKPLACE**

 **IFA**  
CONSUMER ELECTRONICS UNLIMITED



WHITE HOUSE SUMMIT ON  
**INDOOR  
AIR QUALITY**

*"The person who manages your building has a bigger impact on your health than your doctor"*

- Joseph Allen, Associate Professor at Harvard University

## Growing focus on IAQ

- On October 11<sup>th</sup>, the White House held a summit on Indoor Air Quality

### Key messages

- Indoor Air Quality is crucial to public health
- Poor Indoor Air Quality is the main cause of transmission of respiratory pathogens (virus and bacteria)
- Buildings consume 40% of the world's energy, and in some places up to 70%. IAQ can be used for demand-based heating, cooling, and ventilation
- It all starts with Indoor Air Quality monitoring. Especially important for schools and commercial buildings

<https://www.youtube.com/watch?v=1BeEfDLDJSA>



# Update by Segment



## Consumer

For everyone  
with a home



## Business

For commercial &  
public buildings



## Pro

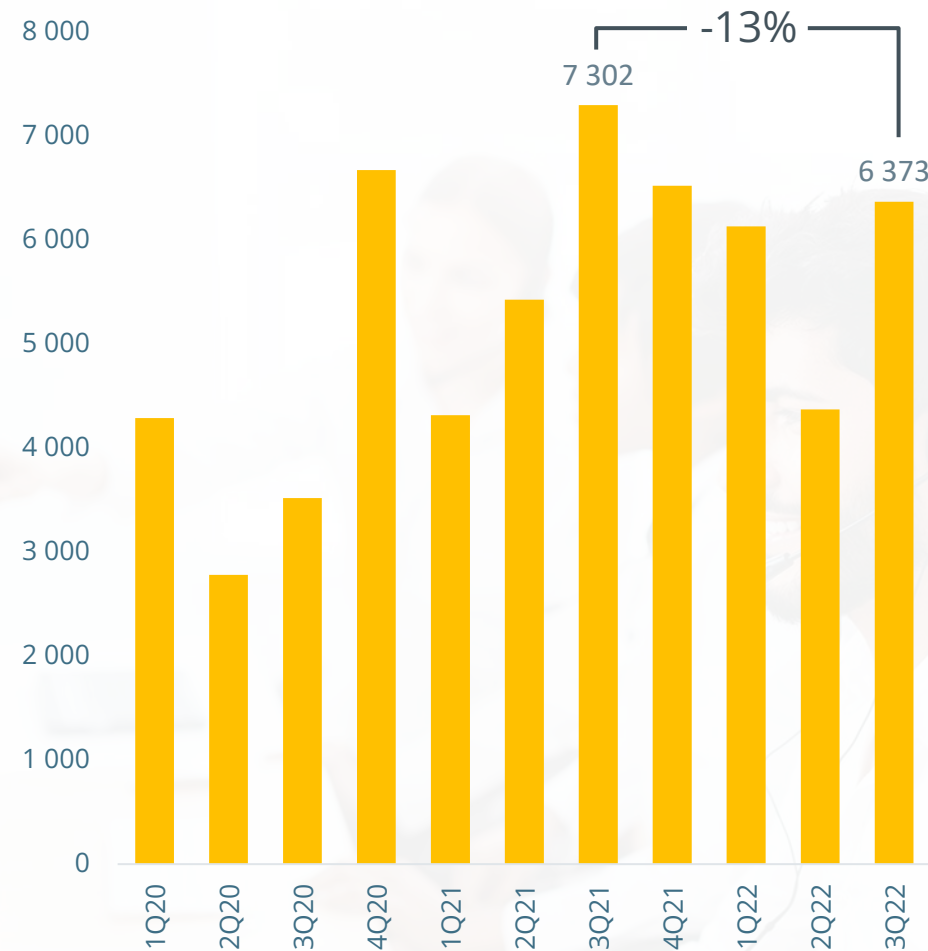
For home inspectors &  
radon professionals



# Consumer Segment 3Q Update

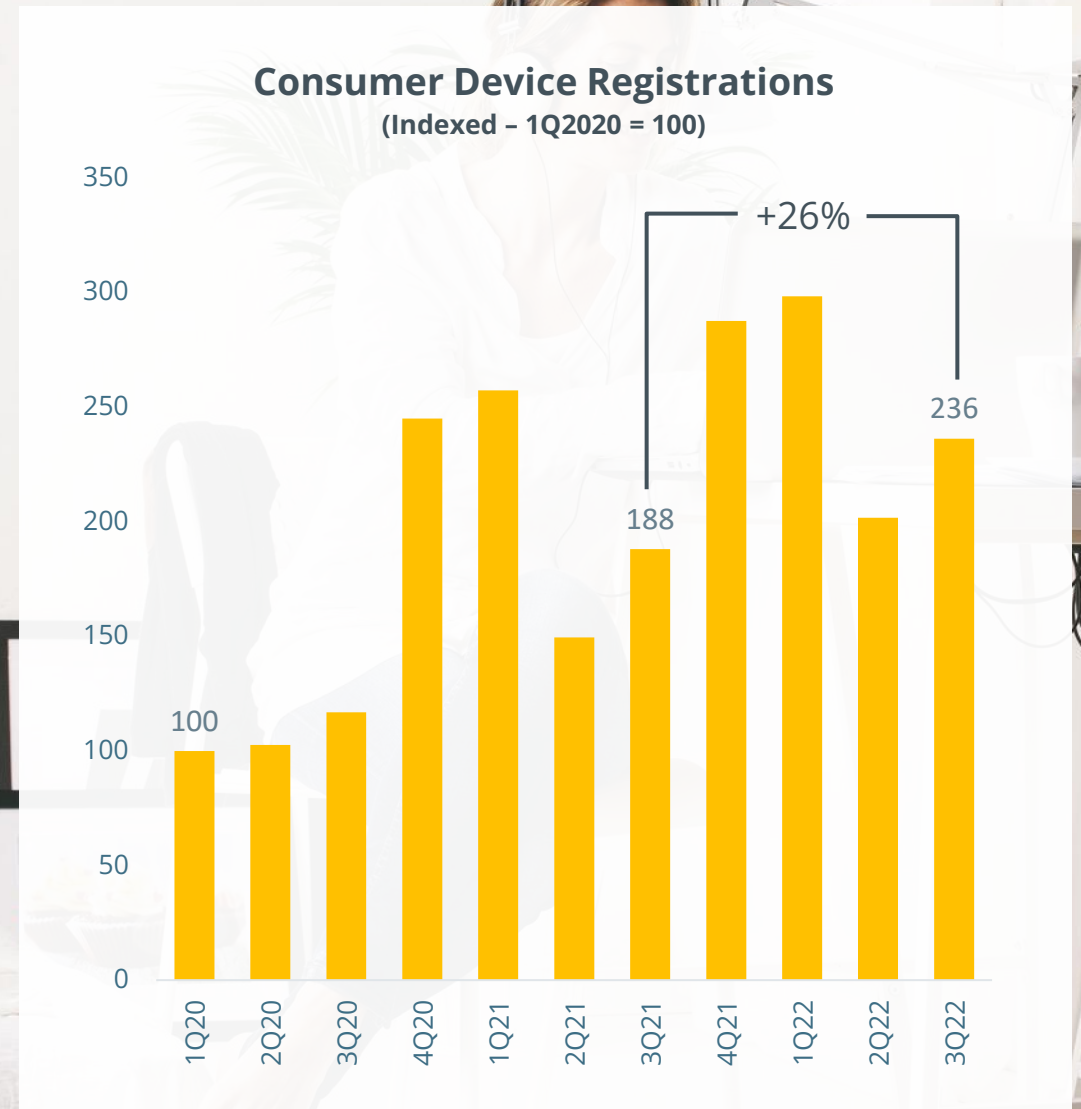
- Revenue of **USD 6.4M**, down 13% YoY
- Gross Profit Margin was **59.0%** in **3Q**, up 1%-point from 2Q22
- Channel and retail partners beginning to replenish inventories
- Device registrations shows end-demand remains strong, especially for flagship product View Plus, and Wave Mini
- Global uncertainties continuing to affect market visibility

Consumer Sales Revenue (USD'000)



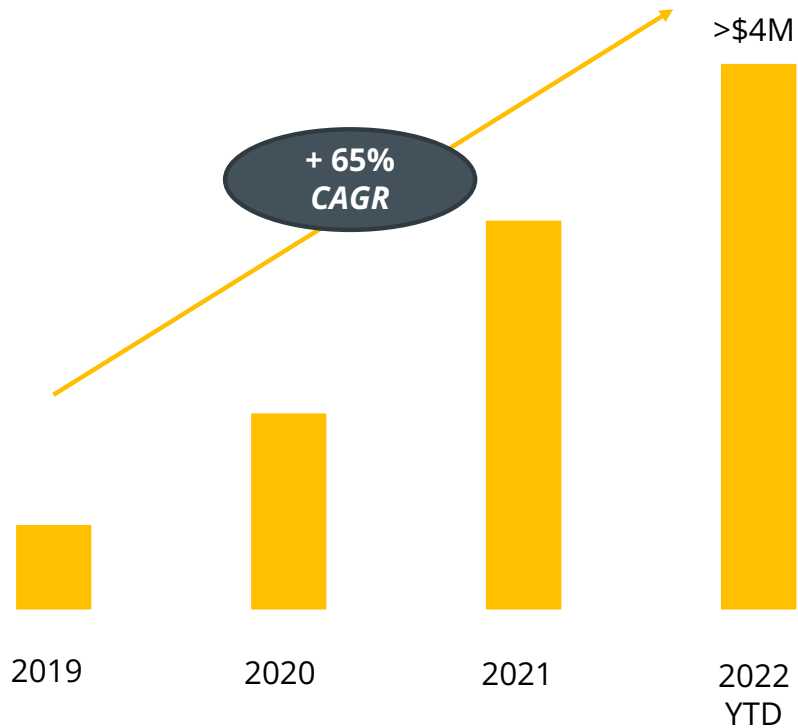
# Continued growth in Consumer device registrations

- New devices are registered when linked to an Airthings app
- Proxy for true end-user demand
- Growth of 26% in 3Q 2022 vs. 3Q 2021





# Airthings @ Home Depot



- Airthings in 1360 stores across 48 states in the US
- Digital Radon Detector and Wave Mini
- Strong and increasing sell-through per store



# Airthings @ Home Depot

## 2022 Marketing Events

### 1Q

- Radon Awareness Month - Jan
- Quarter Pallet Displays of Digital Radon Detector
- National (All 1,360 Stores)

### 2Q

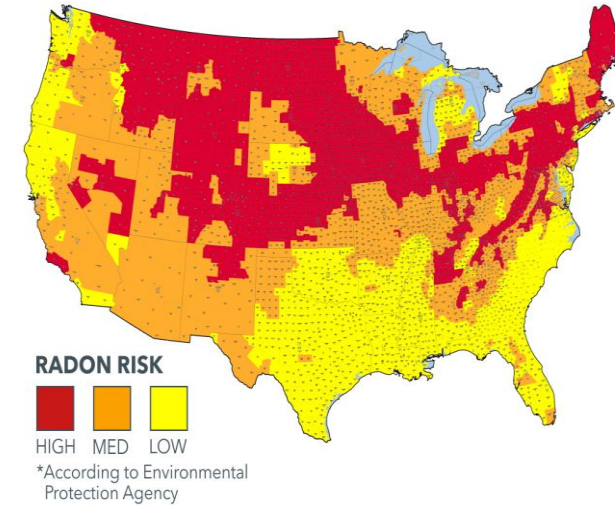
- Spring Allergy Campaign
- Wave Mini Displays
- Regional View Plus rollout (West Coast 200 Stores)

### 3Q

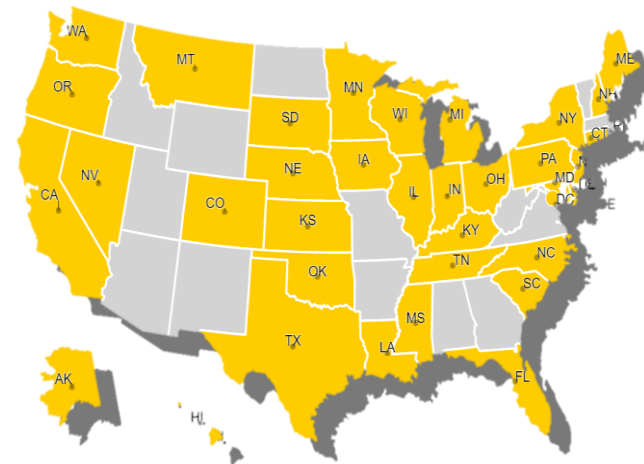
- October Fire & Safety Event
- Digital Radon Detector and Wave Mini Displays
- National (1,360 Stores)



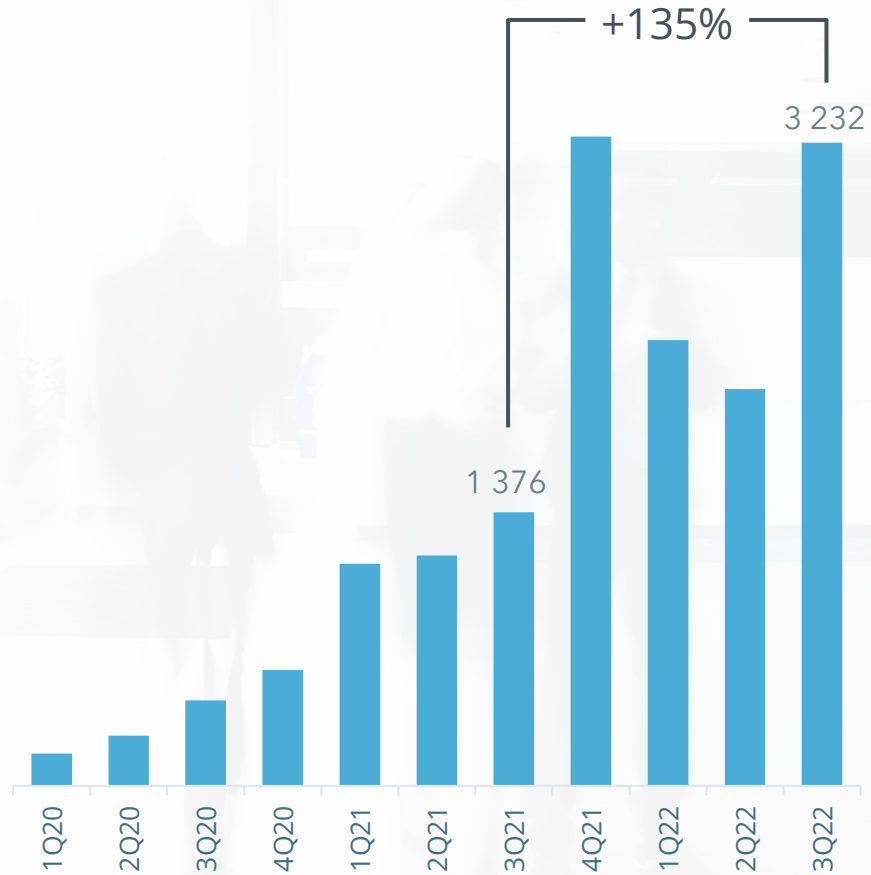
## EPA Radon Map



## Radon Legislation by State



AfB Sales Revenue (USD'000)



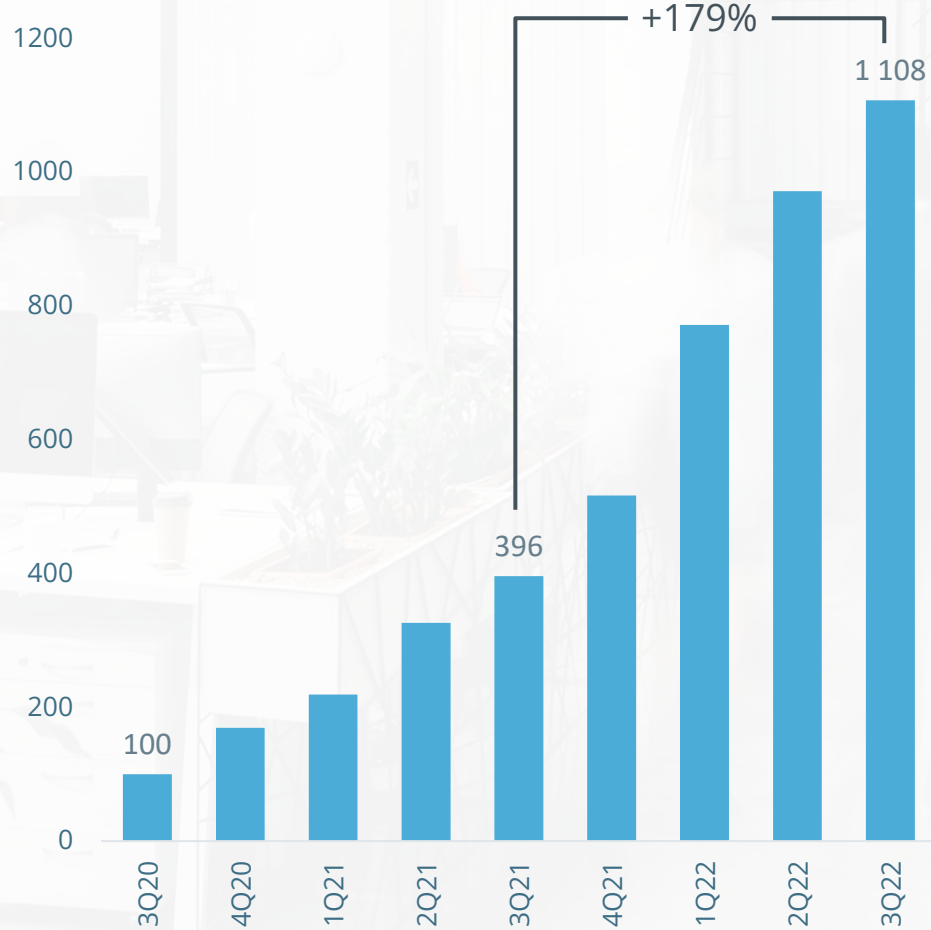
## Business Segment 3Q Update

- Sales revenue of **USD 3.2M**, with 135% YoY growth
- **60%** Gross Profit Margin, in line with 4Q21 and 1Q22
- Increasing share of business
  - From ~15% in 3Q21 to ~32% in 3Q22
- USD 1.7M of 3Q22 revenue is from the large contract with global enterprise customer



### Devices in the field (AfB)

(Indexed - 3Q2020 = 100)



## Rapidly expanding devices in the field

- Devices in the field grew by 179% in 3Q 2022 vs. 3Q 2021, and up 14% vs. 2Q 2022
- Driver of underlying growth in ARR



# Launch of Space CO<sub>2</sub> Mini

- Innovative, accurate, and scalable CO<sub>2</sub> monitor covering the most essential indoor air quality aspects
- Includes temperature, humidity, lux, noise, air pressure, virus risk, and presence detection
- More than 10-year battery lifetime
- Helps achieve a balance of health and energy efficiency across all rooms in a building
- Enables mass-level scalability of CO<sub>2</sub> monitoring at an affordable cost



# Lindab® x Airthings

## Product partnership boosting our ability to energy optimize buildings

- Partnership announced at Norway's largest HVAC conference; VVS-dagene
- The solution is targeting the retrofit market enabling the fastest way to upgrade to a demand-controlled ventilation system
- Airthings devices can now integrate directly to Lindab's UltraLink VAV-dampers
- Saves energy, cost, and brings the fresh air to where people are



Airthings og Lindab skal gjøre eldre bygg til miljøvinnere

Ventilasjongsjiganten Lindab og har gått sammen om å utvikle

B Blikken-SLAGERE

Ny teknologi skal gjøre brune bygg til miljøvinnere

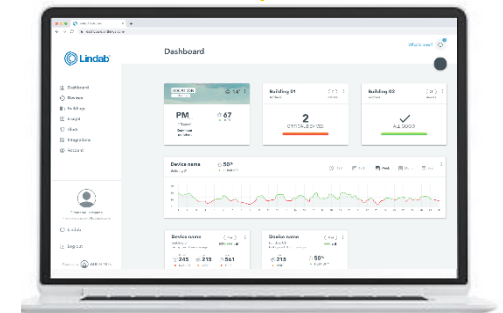


NemiTek tech- og som skal gjøre gamle



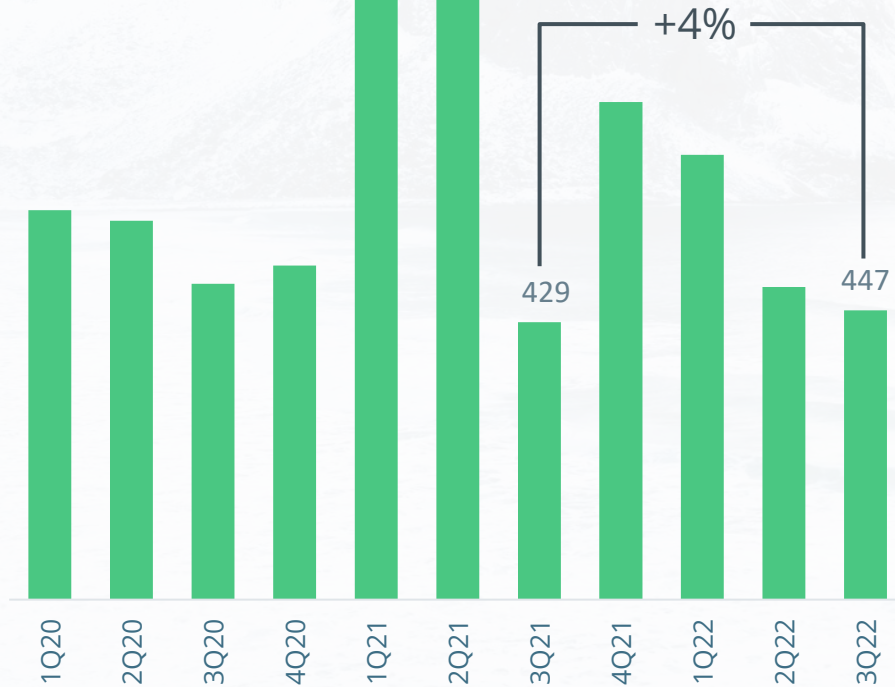
Lanserer løsning som gjør brune bygg til miljøvinnere

Fra brun til grønn. Ventilasjonsgiganten Lindab har slått seg sammen med det norske tech- og innemiljøsekskapet, Airthings, og utviklet en løsning som gjør brune bygg til miljøvinnere.



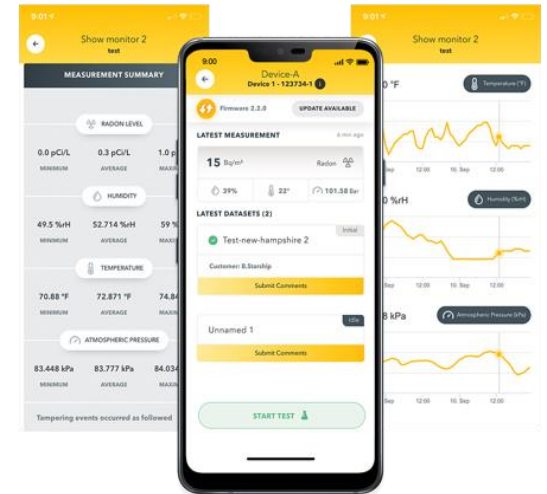


## Pro Sales Revenue (USD'000)



## Pro Segment 3Q Update

- Sales revenue of **USD 0.45M**, representing a growth **4% YoY**
- Challenging home inspector market, leading to slow sales in the segment
- **79%** Gross Profit Margin down 1%-point from 2Q22



# Annual Recurring Revenue (ARR)

- ARR of **USD 3.4M**, up 66% YoY
- A modest decline in Pro's ARR (USD 0.1M) was more than compensated by continued growth in AfB's ARR
- **>80%** gross profits from ARR
- 3Q22 ARR guidance of **USD 3.5 – 4.0M**, 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 September multiplied by 12)





# Financials

Jeremy Gerst, CFO





# Income Statement

Sales revenue of **USD 10.1M**, up 10% YoY

Sales gross margin at **60%** for 3Q

EBITDA of **USD -0.2M**

- Reduced Payroll expenses

EBIT of **USD -0.5M**

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

(USD'000)	3Q22	3Q21	YTD 2022	YTD 2021
<b>Total revenue</b>	<b>10 052</b>	<b>9 106</b>	<b>25 965</b>	<b>23 116</b>
Cost of sales	3 996	3 284	7 730	8 554
<b>Gross profit</b>	<b>6 056</b>	<b>5 822</b>	<b>15 363</b>	<b>14 590</b>
Sales Gross Margin	60%	64%	59%	63%
Payroll expenses	2 885	3 369	12 316	10 422
Other operating expenses	3 385	2 847	12 077	9 065
<b>EBITDA</b>	<b>-214</b>	<b>-395</b>	<b>-9 030</b>	<b>-4 897</b>
Depreciation and amortization	284	335	1 041	958
Impairment	0	0	1 522	0
<b>Operating profit / EBIT</b>	<b>-498</b>	<b>-730</b>	<b>-11 592</b>	<b>-5 855</b>
Financial income / (expenses)	936	117	2 177	56
<b>Profit (loss) before tax</b>	<b>438</b>	<b>-613</b>	<b>-9 415</b>	<b>-5 800</b>
Income tax	172	-153	-2 099	87
<b>Net profit (loss)</b>	<b>266</b>	<b>-461</b>	<b>-7 316</b>	<b>-5 886</b>

## Earnings per share (USD)

Basic earnings per share	0.00	-0.00	-0.04	-0.03
Diluted earnings per share	0.00	-0.00	-0.04	-0.03



# 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
- Trade and other payables
- Lower Provisions due to segment mix

(USD'000)	30.09.2022	30.09.2021
<b>Assets</b>		
Intangible assets	1 765	2 171
Goodwill	2 607	3 224
Property, plant and equipment	843	755
Right-of-use assets	3 040	4 189
Deferred tax assets	5 479	2 731
Other non-current assets	223	1 095
<b>Total non-current assets</b>	<b>13 957</b>	<b>14 165</b>
Inventories	15 518	9 040
Trade receivables	10 581	12 131
Other receivables	2 314	2 661
Cash and cash equivalents	17 014	44 987
<b>Total current assets</b>	<b>45 426</b>	<b>68 819</b>
<b>Total assets</b>	<b>59 383</b>	<b>82 984</b>
<b>Total equity</b>	<b>48 979</b>	<b>69 284</b>
Non-current lease liabilities	2 489	3 786
Deferred tax liabilities	0	307
Non-current provisions	218	1 030
<b>Total non-current liabilities</b>	<b>2 707</b>	<b>5 123</b>
Lease liabilities	782	609
Trade and other payables	4 780	5 209
Contract liabilities	934	781
Income tax payable	8	3
Government grants	0	114
Provisions	1 195	1 862
<b>Total current liabilities</b>	<b>7 697</b>	<b>8 577</b>
<b>Total equity and liabilities</b>	<b>59 383</b>	<b>82 984</b>

# Cash Flow Statement

## Cash flow from operating activities USD -2.5M

- Operating profit
- Net working capital due to reduction of trade payables and provisions

## Cash flow from investment activities of USD -0.5M

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

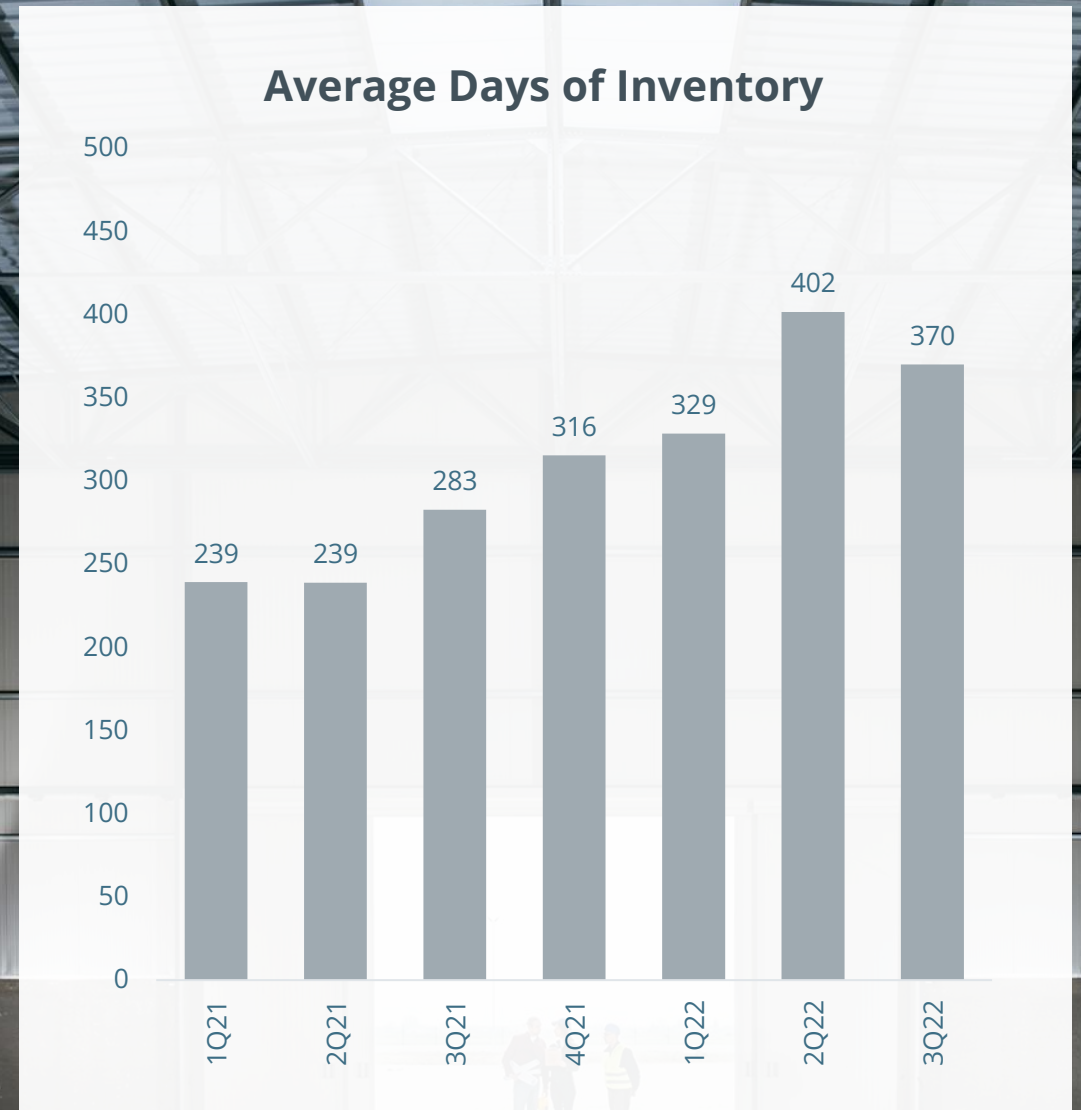
## Cash flow from financing activities of USD -0.2M

Net unrealized foreign exchange difference of USD -3.0M



# Modest improvements in Inventories

- Build-up was a strategic decision to mitigate effect of global component shortage
- Modest improvements with a decline in Average Days of Inventory from 402 to 370
- Reducing both Days of Inventory and Days of Trade Receivables remains a key focus area
- Cross-functional teams are working continuously to identify and implement improvements



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



# Summary and outlook





# Summary

- Revenue of USD 10.1M, up 10% year-on-year
- Strong gains in the Airthings for Business segment (up 135% YoY)
- Seeing promising signals in Consumer with retailers and channel partners beginning to replenish their inventories. And device registrations growing
- Stable Gross Profit Margin of 60%
- Growing revenues while continuing to optimize cost base - focus on working capital to accelerate path to profitability



# 4Q22 Outlook

- 4Q22 revenue estimated at USD 9.0 – 13.0M
- ARR expected to grow to USD 3.5 – 4.0M during the fourth quarter

## Guidance 4Q22

Revenue and ARR guidance (USD M)	4Q22
Revenue	9.0 – 13.0
Annual Recurring Revenue	3.5 – 4.0



# 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**

**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

