

4Q22 Presentation



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This presentation was prepared in connection with the 4Q results released on February 10th, 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.



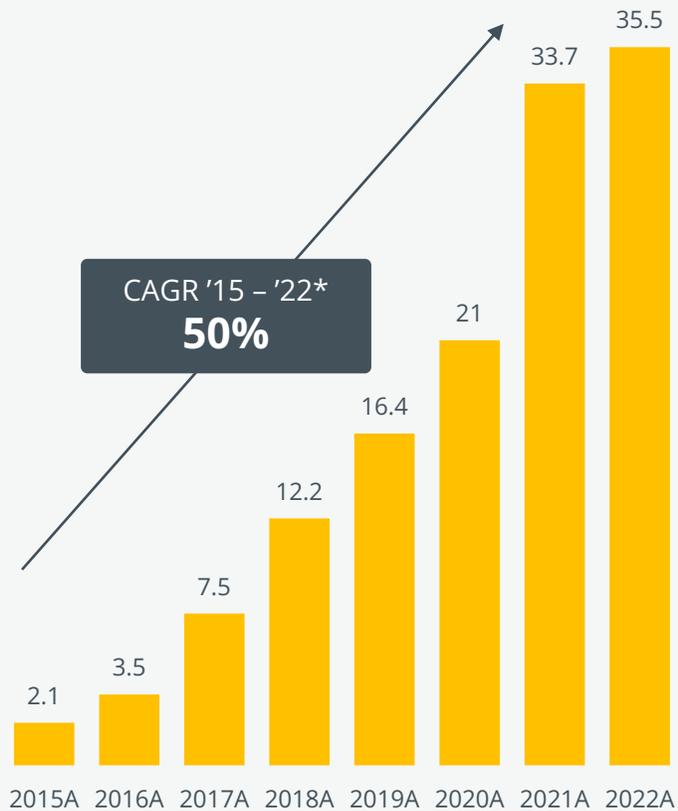


Purpose

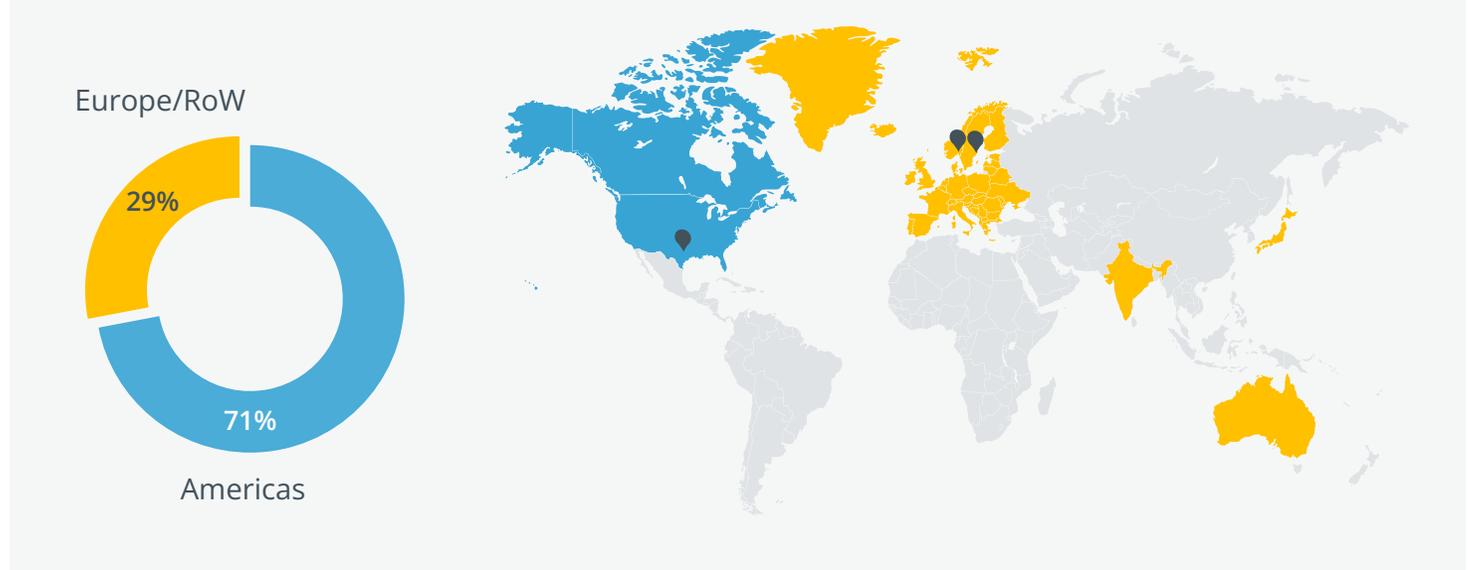
Empower the world to **breathe better**

High-growth and **expanding business**

REVENUE (USD M)



REVENUE SPLIT (YTD 4Q22)



SELECT RETAIL/ECOMMERCE PARTNERS



SELECTED Airthings for Business PARTNERS

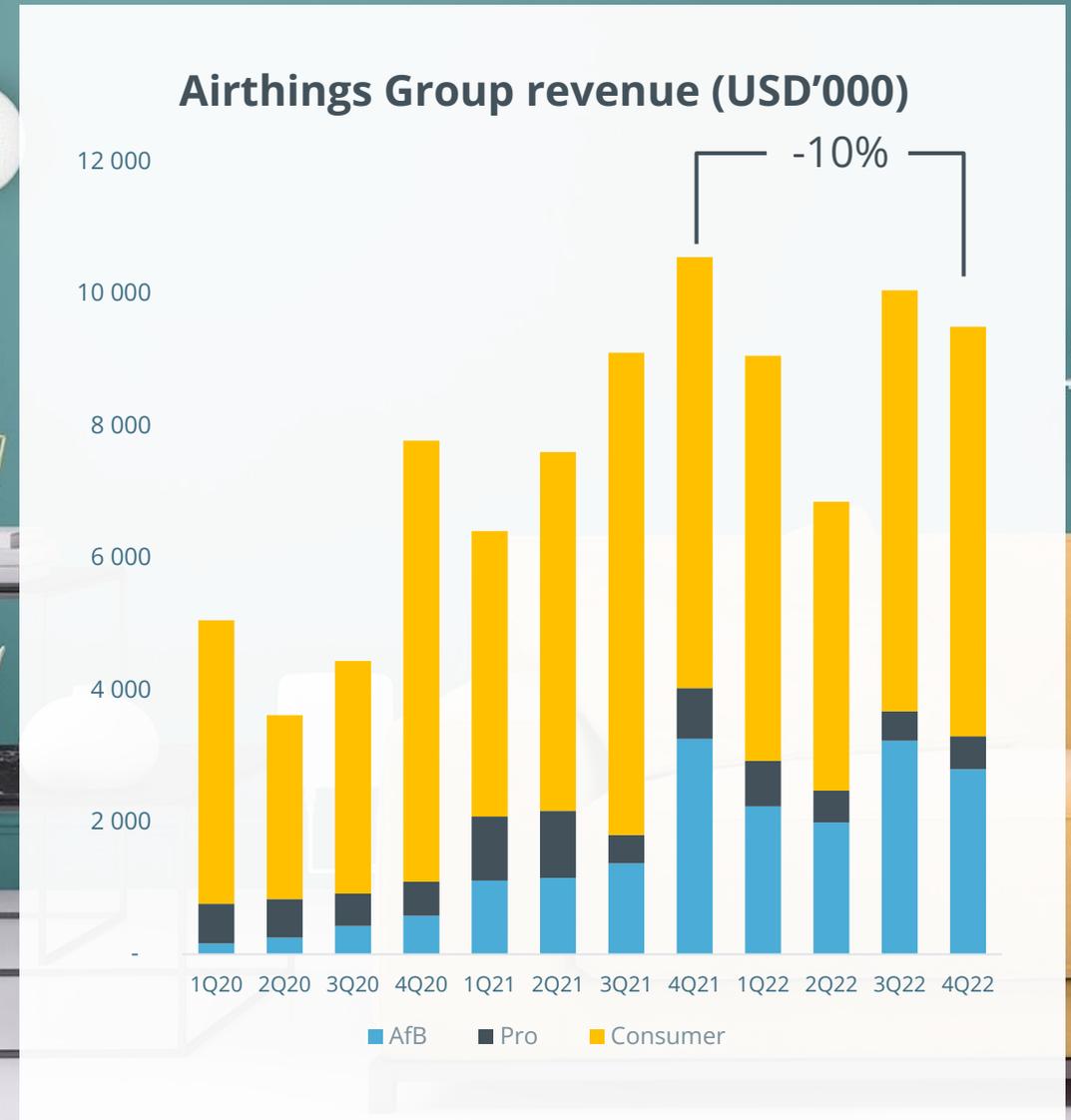


AWARENESS



Muted fourth quarter

- Sales revenue of **USD 9.5M**, down 10% YoY
 - Renewed inventory caution at retail and channel partners
 - Orders being pushed out in time
 - Headwinds in Airthings for Business due to extended decision processes and reluctance to invest in the short-term
- Gross profit margin of **59%**
 - Largely in line with prior quarters
- 1Q23 revenue guidance of **USD 8.5 – 11.5M**



4Q Highlights

22% growth in
Consumer device
registrations

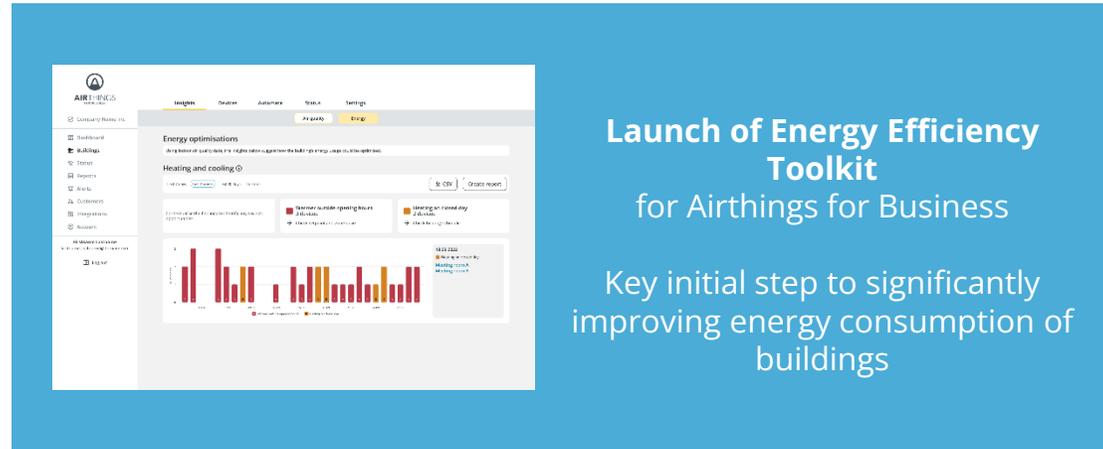


Danske Bank

Secured **USD 8 million**
revolving credit facility
with Danske Bank

Distribution partners
reducing inventory and
demonstrating renewed
caution under difficult
market conditions

2022 Gold Medal from
EcoVadis and
ISO27001:2022 certified

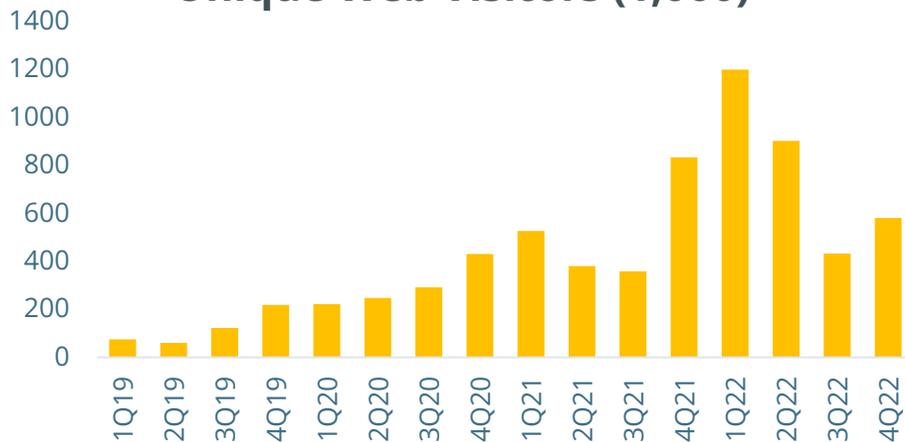


Improving balance sheet
via working capital
improvements, sales and
cost initiatives, and
financing alternatives

Brand awareness

- Continued coverage in leading publications around the world
- Launch of new Airthings app at CES, a highly successful event garnering significant attention to the importance of indoor air quality (IAQ)
- 0.6 million Unique Web Visitors in 4Q22, and 3.1 million for the full year 2022 (up 48% vs. 2021)

Unique Web Visitors (1,000)



Forbes

Good Housekeeping

FORTUNE





Focus on sustainability

- Significant strides taken since Airthings received an EcoVadis silver medal in 2021
- Airthings scored in the top 3% of companies globally within Electronics and Equipment category

Steps taken in recent years

- Enabling businesses to reduce energy consumption using air quality data
- Utilizing circular principles to ensure responsible manufacturing
- Creating long-lasting products with extensive battery life and 5-year warranties
- Investing in building a widely diverse corporate culture which is passionate about reducing society's carbon footprint and improving people's health

Update by Segment



Consumer

For everyone
with a home



Business

For commercial &
public buildings



Pro

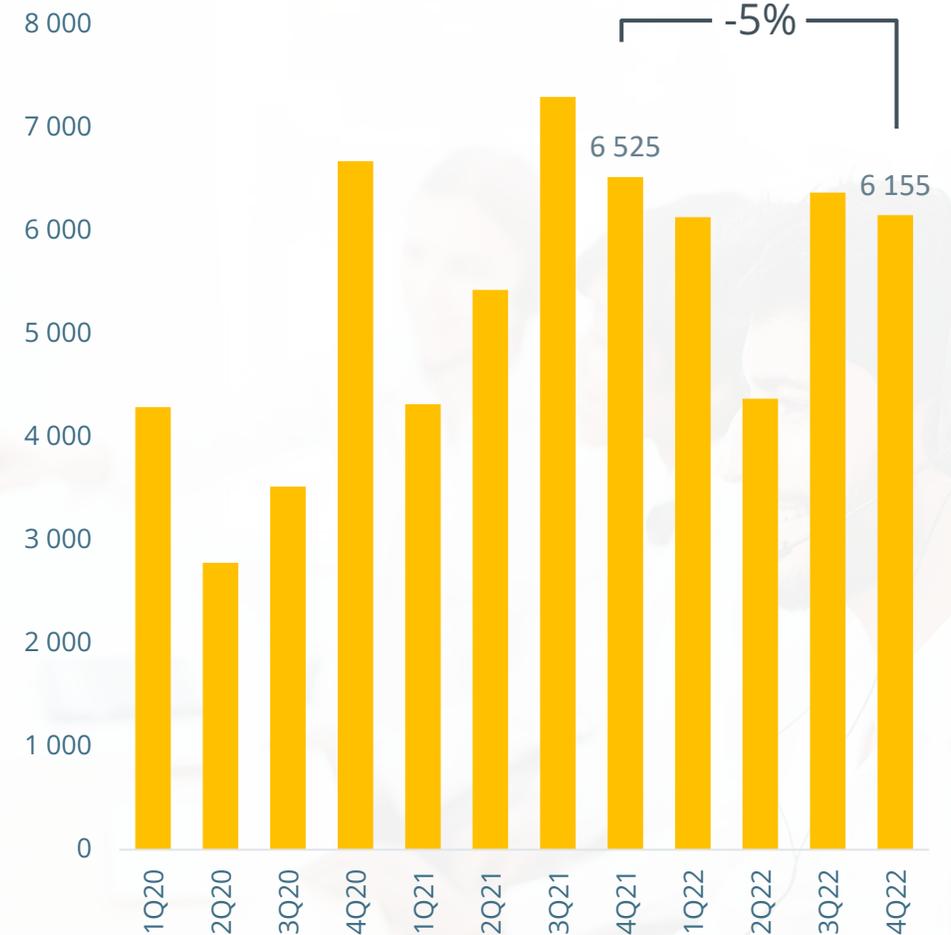
For home inspectors &
radon professionals



Consumer Segment 4Q Update

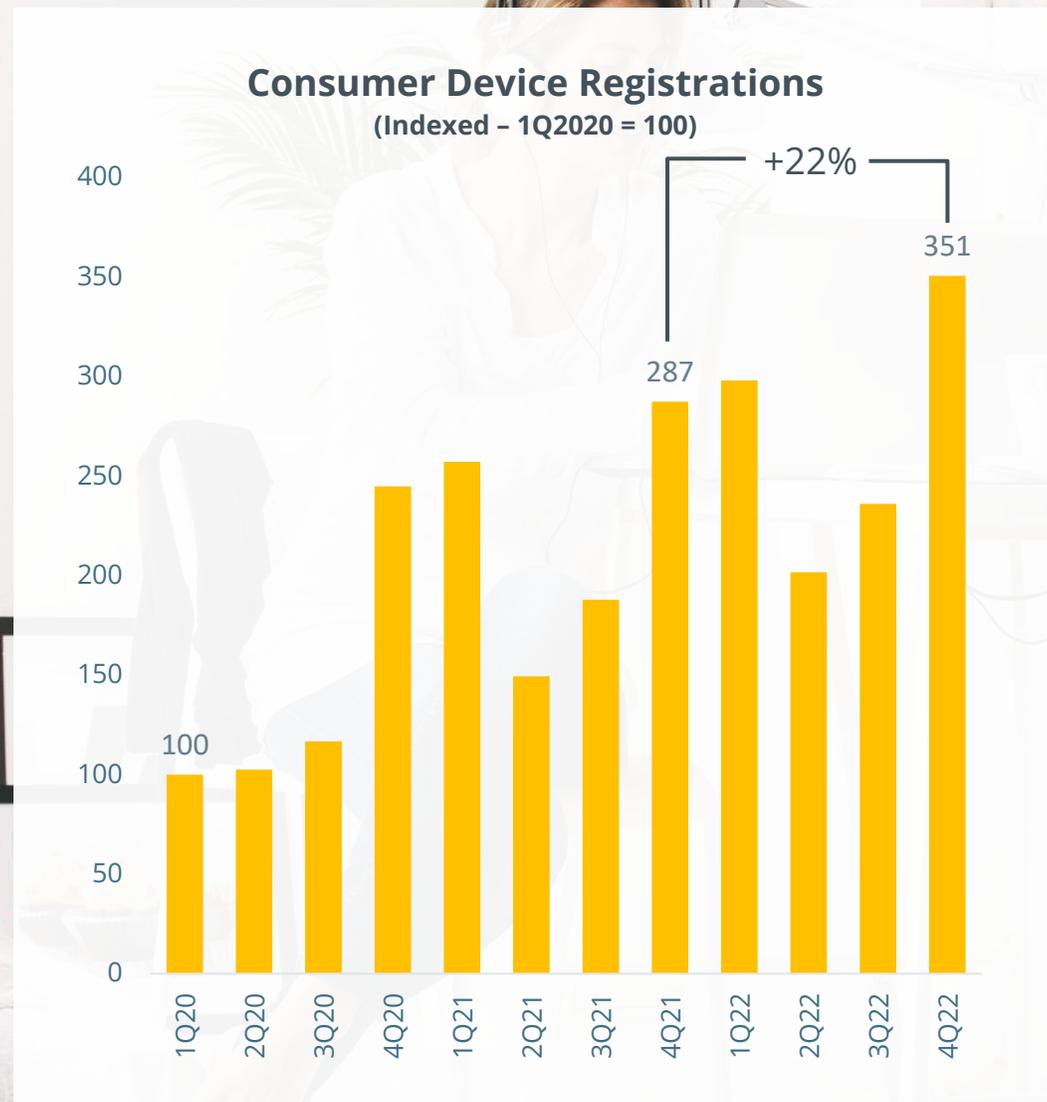
- Revenue of **USD 6.2M**, down 5% YoY
- Gross Profit Margin was **57.2%** in **4Q**, down ~2%-points from 3Q22
- Heightened levels of promotional activities around Black Friday and the holidays
- Channel and retail partners remain cautious on inventory levels
 - Orders are being pushed out in time
 - Inventories at our channel partners has decreased significantly during 2022
- Device registrations shows end-demand remains strong
- Global uncertainties continuing to affect market visibility

Consumer Sales Revenue (USD'000)

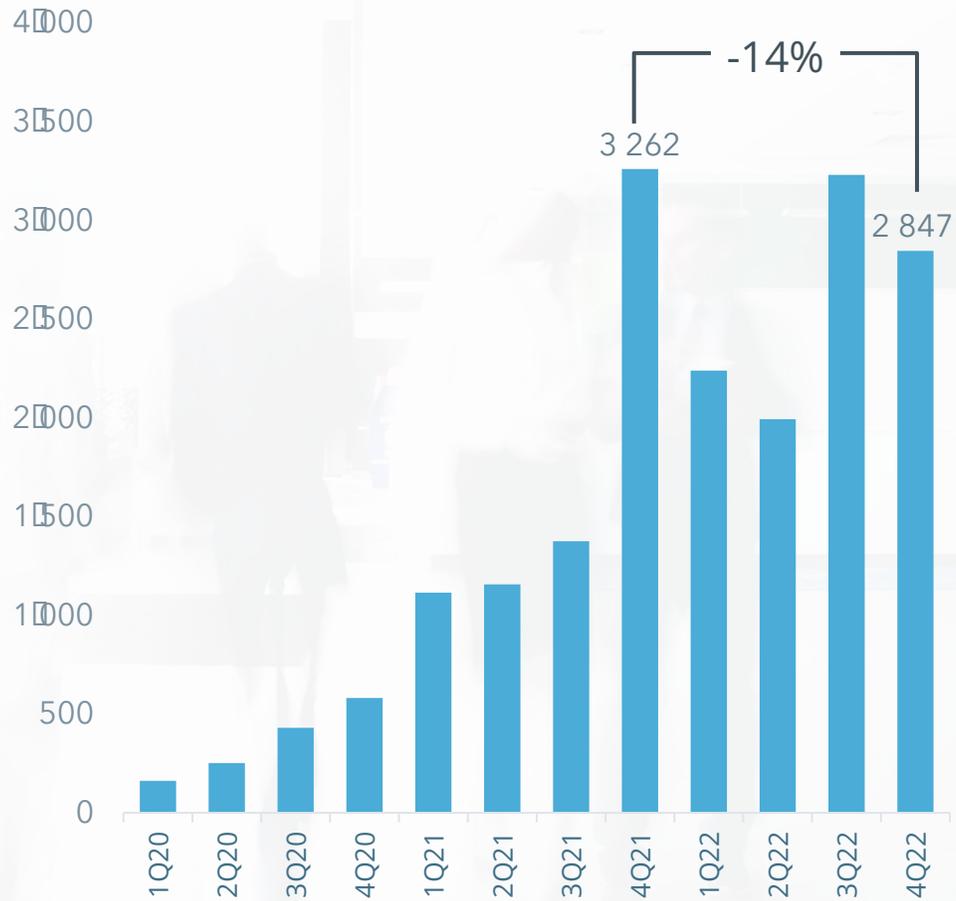


Continued growth in Consumer device registrations

- New devices are registered when linked to an Airthings app
- Proxy for true end-user demand of smart devices
- Growth of 22% in 4Q 2022 vs. 4Q 2021
- 23% growth for the full-year



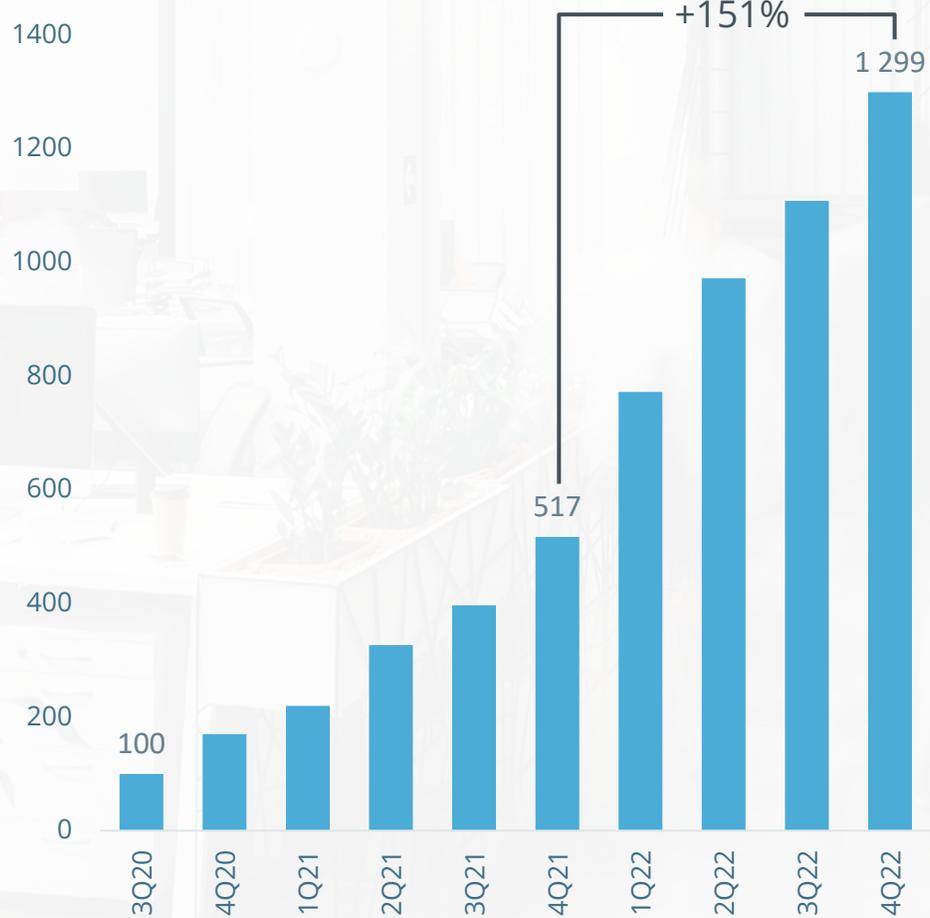
AfB Sales Revenue (USD'000)



Business Segment 4Q Update

- Sales revenue of **USD 2.8M**, down 14% YoY
- **60%** Gross Profit Margin, in line with 3Q22
- Share of business at 29%
- USD 1.5M of 4Q22 revenue is from the large contract with global enterprise customer, while we sold a large contract to schools in Quebec in 4Q21

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

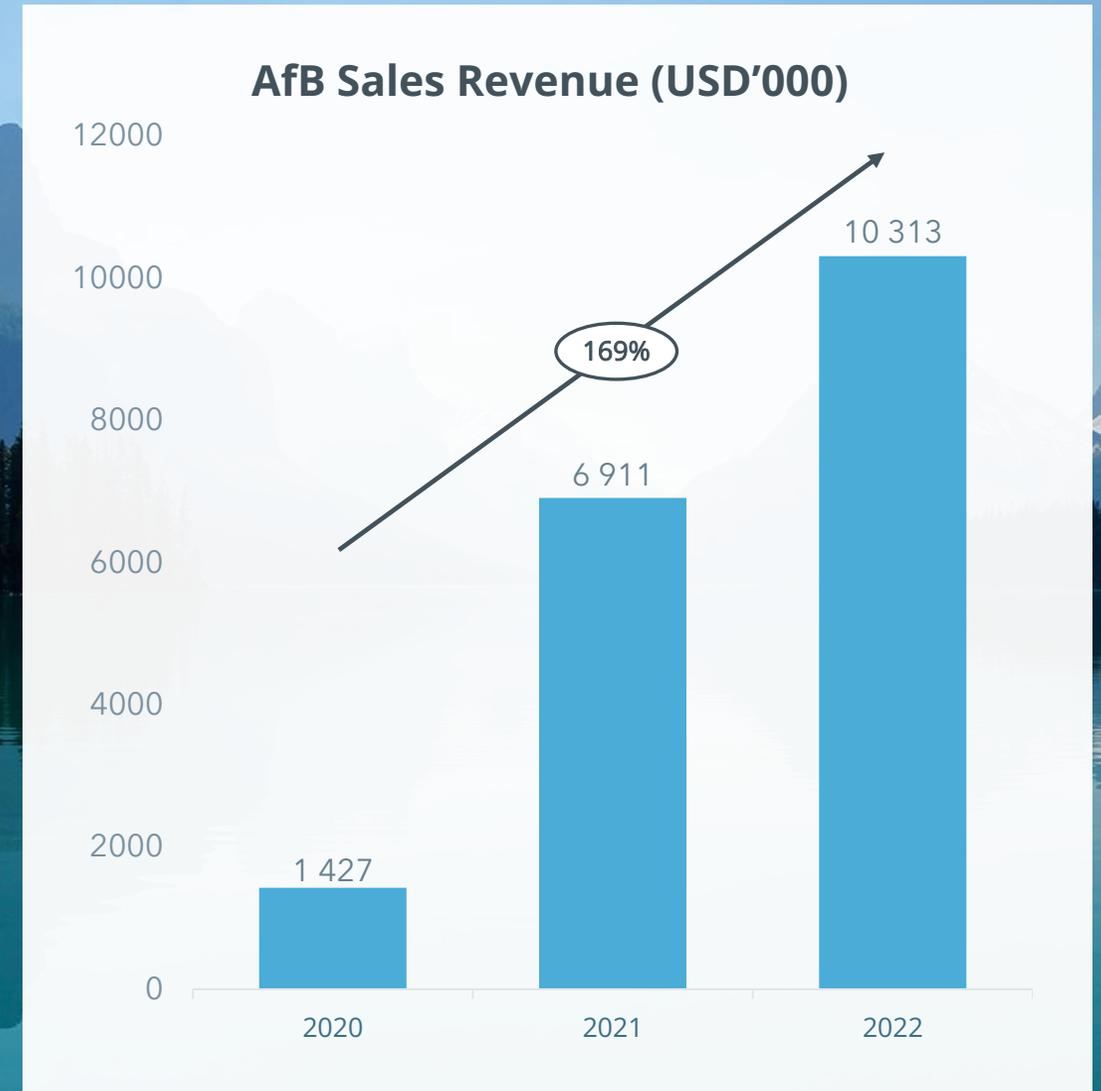


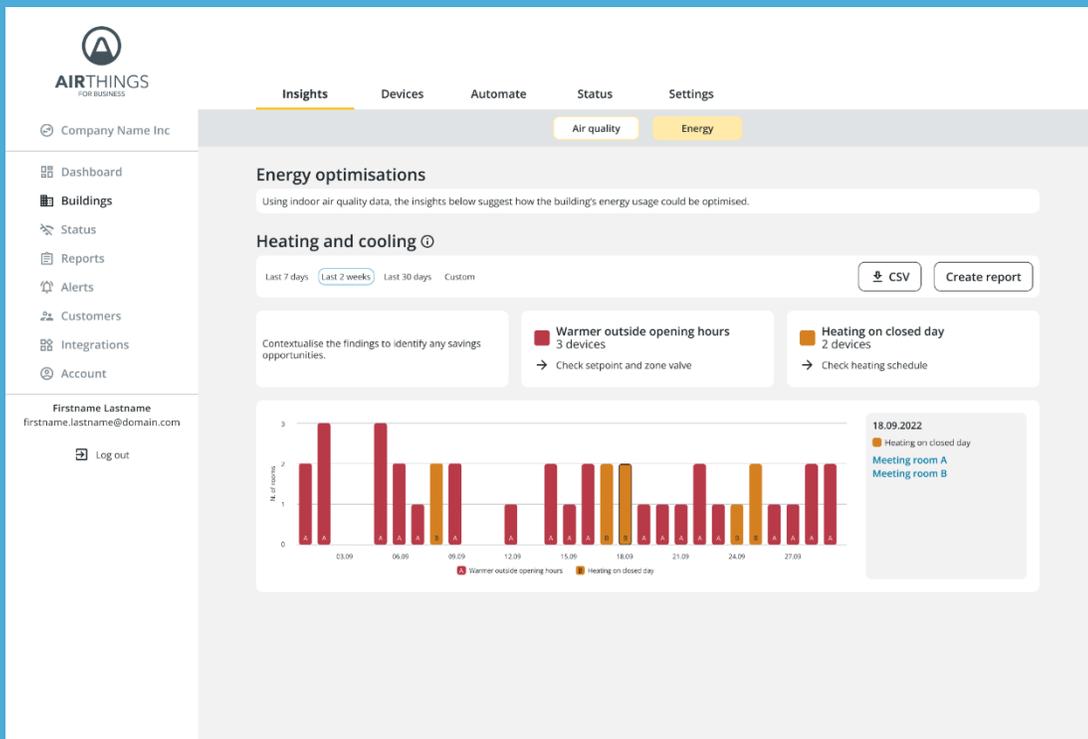
Rapidly expanding devices in the field

- Devices in the field grew by 151% in 4Q 2022 vs. 4Q 2021, and up 17% vs. 3Q 2022
- Driver of underlying growth in ARR

“Growing pains” for Airthings for Business

- Airthings for Business has experienced significant growth over the past years
 - CAGR of 169% from 2020 to 2022
- However, “growing pains” are being experienced due to:
 - Opportunistic approach to growth
 - Manual processes and inefficiencies





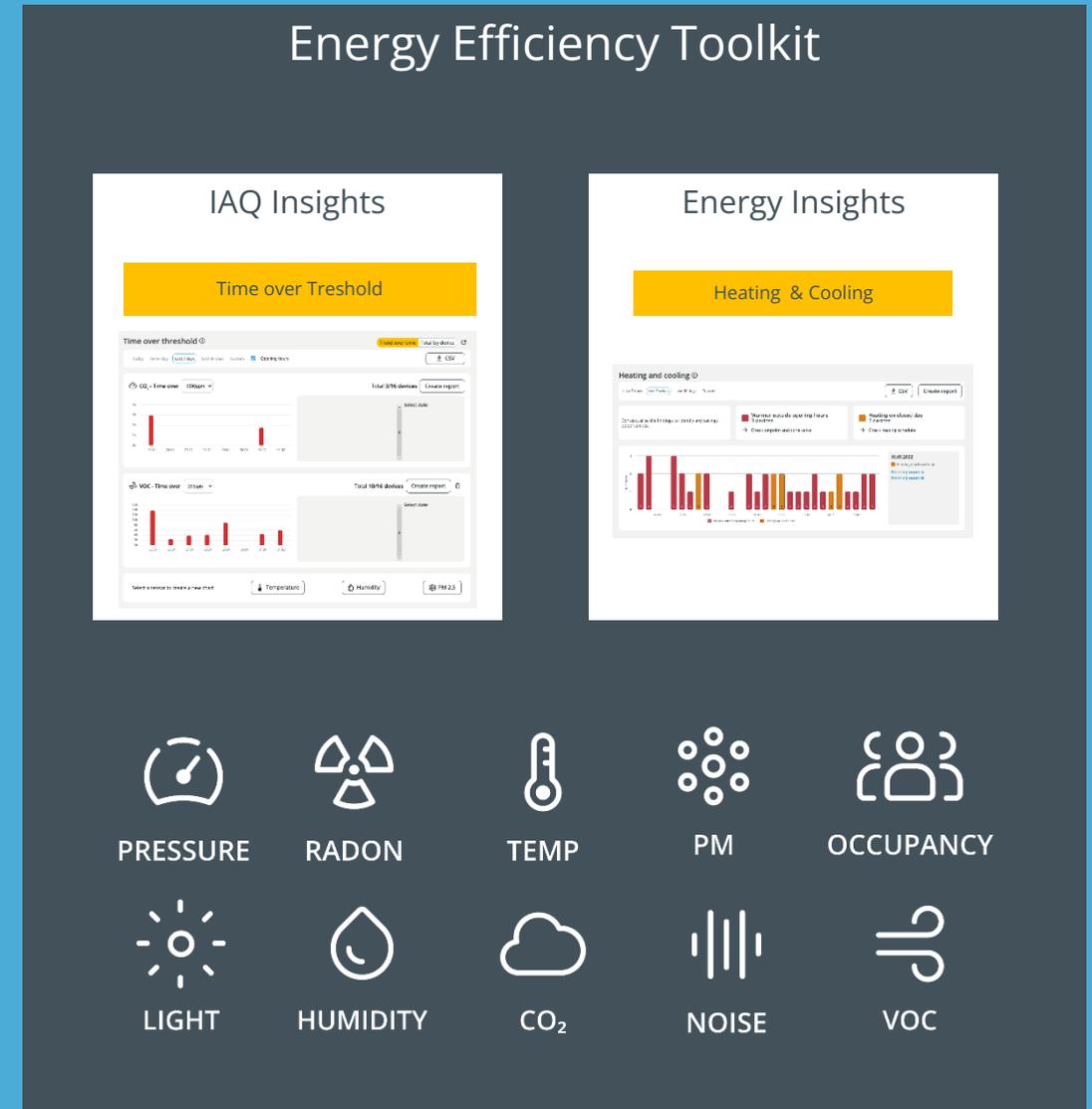
Heightened discipline and focus going forward

- Sharpen focus on:
 - Target geographies and target segments
 - Product and service offering
 - Operational excellence and scalability
- Further strengthen value proposition:
 - Especially in terms of energy optimization offering
 - Energy Efficiency Toolkit a crucial initial step (see next slide for more details)

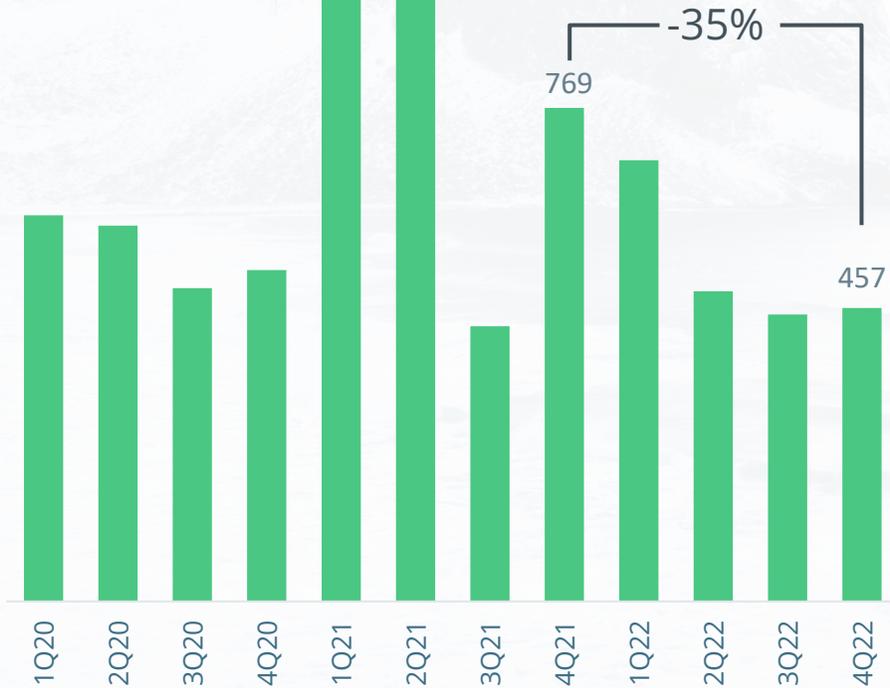
Energy Efficiency Toolkit

Reducing energy waste and saving costs

- Buildings consume 40% of the world's energy
 - 30% of that comes from heating, ventilation, cooling (HVAC), and lighting
- New software offering to enable end-users to significantly reduce energy waste
 - Actionable data & insights on when and where HVAC systems are being underused or overused
 - Proactive recommendations on how to optimally reconfigure HVAC schedule and settings, day and night
 - Provides an easy way to save significant amount of energy for building owners and facility managers

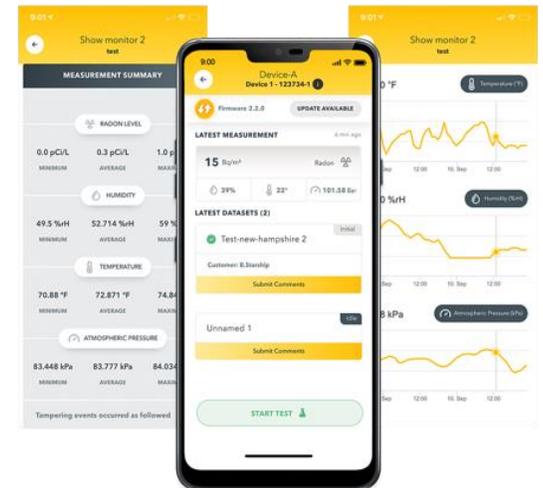


Pro Sales Revenue (USD'000)



Pro Segment 4Q Update

- Sales revenue of **USD 0.5M**, representing a decline of **35% YoY**
- Challenging home inspector market, leading to slow sales in the segment
- **85%** Gross Profit Margin up 6%-points from 3Q22



Annual Recurring Revenue (ARR)

- ARR of **USD 3.6M**, up 26% YoY
- ARR from PRO segment remains constant
 - Increase from 3Q was driven by Airthings for Business with 43% growth YoY
- **>80%** gross profits from ARR
- 1Q23 ARR guidance of **USD 3.7 - 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 December multiplied by 12)





Financials

Jeremy Gerst, CFO

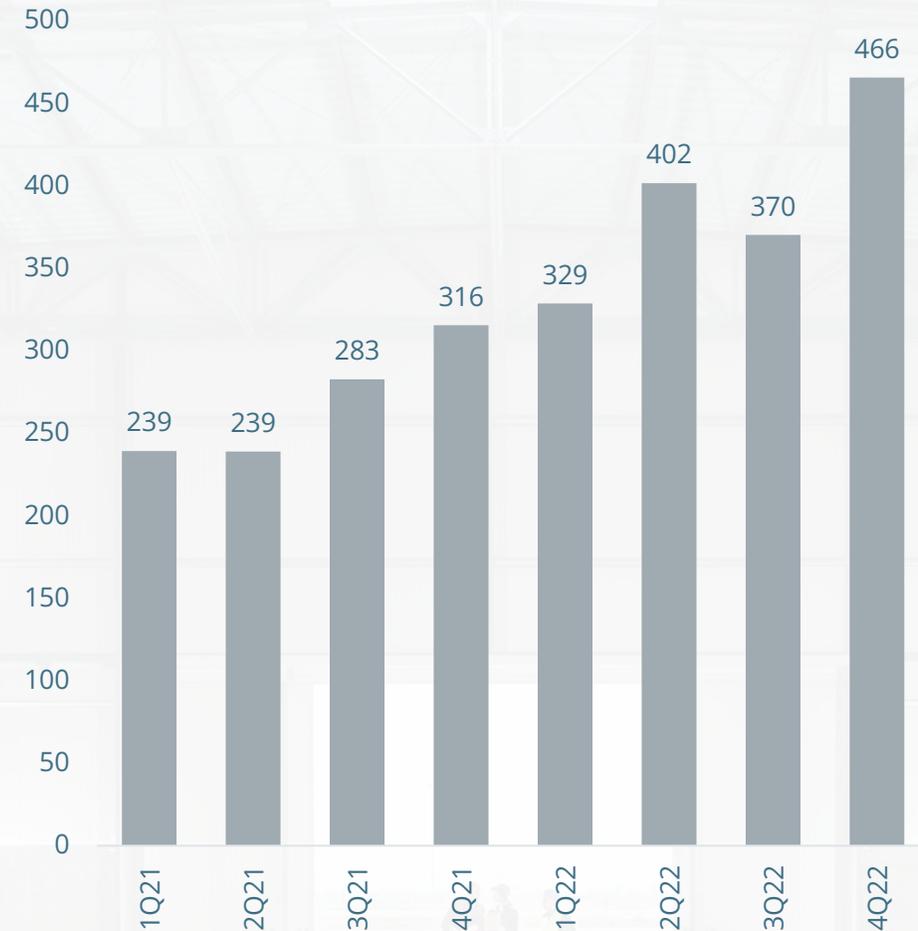


Challenging Inventory situation

- Muted revenue results in 4Q resulted in further build-up of Inventories
- Increase in Average Days of Inventory from 370 to 466
- Aggressive steps are being taken to bring down Inventories in 2023 including promotional activities and campaigns
- USD 8 million revolving credit facility from Danske Bank will supplement operational efforts to improve working capital situation

Danske Bank

Average Days of Inventory



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

Income Statement

Sales revenue of **USD 9.5M** in 4Q22, down 10% YoY

- Revenues of **USD 35.4M** in 2022, up 5% from 2021

Sales gross margin at **59%** for 4Q and 2022

EBITDA of **USD -2.8M**

- Reduced Payroll expenses and other operating expenses

EBIT of **USD -3.1M**

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

(USD'000)	4Q22	4Q21	2022	2021
Total revenue	9 459	10 555	35 424	33 699
Cost of sales	3 863	4 487	14 465	13 041
Gross profit	5 596	6 068	20 959	20 658
Sales Gross Margin	59%	57%	59%	61%
Payroll expenses	4 338	4 705	16 654	15 127
Other operating expenses	4 013	4 501	16 090	13 566
EBITDA	-2 755	-3 139	-11 785	-8 035
Depreciation and amortization	315	377	1 355	1 335
Impairment	0	0	1 522	0
Operating profit / EBIT	-3 069	-3 515	-14 662	-9 371
Financial income / (expenses)	-1 212	0	965	55
Profit (loss) before tax	-4 282	-3 516	-13 697	-9 315
Income tax	-1 032	-2 141	-3 131	-2 055
Net profit (loss)	-3 250	-1 374	-10 566	-7 261
Earnings per share (USD)				
Basic earnings per share	-0.02	-0.01	-0.06	-0.04
Diluted earnings per share	-0.02	-0.01	-0.06	-0.04

Note: Financial expense in 4Q22 is due to exchange rate fluctuations

Balance Sheet

Change in assets

- Deferred tax asset
- Inventories due to build up of supply
- Other 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)	31.12.2022	31.12.2021
Assets		
Intangible assets	2 459	2 495
Goodwill	2 872	3 210
Property, plant and equipment	830	809
Right-of-use assets	3 140	4 241
Deferred tax assets	7 108	4 509
Other non-current assets	132	1 075
Total non-current assets	16 541	16 339
Inventories	18 713	11 429
Trade receivables	11 099	11 850
Other receivables	4 115	1 889
Cash and cash equivalents	13 274	42 174
Total current assets	47 202	67 342
Total assets	63 742	83 680
Total equity	50 928	67 842
Non-current lease liabilities	2 554	3 803
Deferred tax liabilities	0	0
Non-current provisions	125	1 090
Total non-current liabilities	2 707	4 892
Lease liabilities	850	670
Trade and other payables	6 177	7 027
Contract liabilities	1 111	894
Income tax payable	60	27
Government grants	0	0
Provisions	1 938	2 328
Total current liabilities	10 136	10 946
Total equity and liabilities	63 742	83 680

Cash Flow Statement

Cash flow from operating activities USD -6.0M

- Operating profit
- Net working capital due increase 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 -0.1M

Net unrealized foreign exchange difference of USD 2.9M



Summary and outlook



Summary

- Revenue of USD 9.5M, down 10% year-on-year and Gross Profit Margin of 59%
- Muted results in both the Consumer and Airthings for Business segments due to distribution partners lowering inventories to reduce working capital in a generally uncertain market environment
- Reduced inventories in our Consumer channel partners throughout 2022
- Given overall market uncertainties, Airthings is intensifying its focus on:
 - Optimizing business operations, reducing inventories, and improving the cash position
 - Sharpening the strategic direction of Airthings for Business and enhancing its value proposition
- These focus areas are expected to enable Airthings's profitable long-term growth ambitions
- However, the company acknowledges that it is unlikely to fulfill its ambition to reach a revenue level of USD 100M already in 2024



Fully underwritten share issue

- Based on the Company's financial position, the board of directors of the Company has resolved to propose a private placement of new shares to raise NOK 75 million
- The private placement is planned to be conducted after close of trading on the Oslo Stock Exchange on 13 February 2023
- The Company's largest shareholder, Firda AS, together with A Management AS has committed to subscribe for and be allocated NOK 50 million in the private placement
- Firda AS, together with A Management AS have also committed to guarantee full subscription of the remaining NOK 25 million at a subscription price of NOK 3.20
- Completion of the private placement will be subject to approval by an extraordinary general meeting of the Company
- Following completion of the private placement, the board will consider a subsequent offering of new shares to shareholders who hold shares below a certain threshold and were not allocated shares in the private placement



1Q23 Outlook

- 1Q23 revenue estimated at USD 8.5 – 11.5M
- ARR expected to grow to USD 3.7 – 4.0M by the end of the first quarter

Guidance 1Q23

Revenue and ARR guidance (USD M)

1Q23

Revenue

8.5 – 11.5

Annual Recurring Revenue

3.7 – 4.0



Long-term outlook supported by lasting factors and megatrends

Consumer Segment



- 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



- **~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

