

Q1 24 Presentation



Q1 highlights

Consumer segment with all-time high quarterly revenues of **USD 7.8M, up 22% YoY** driven by strong sales across all channels

Positive cash flow from operating activities

from realized revenue growth, improved gross profit margin, reduced operating costs and reduced net working capital. This is expected to fluctuate between quarters

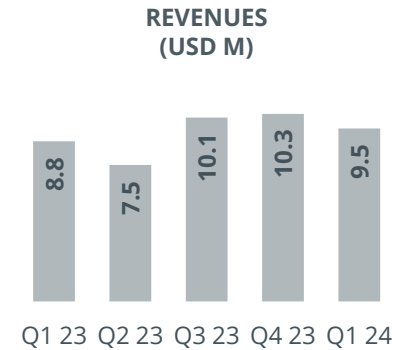
Airthings Renew smart air purifier launched:

Sold out initial batches following high market demand with production ramp-up underway



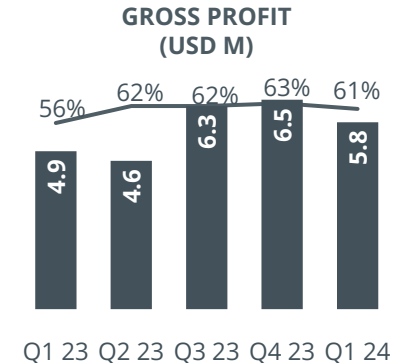
Q1 revenues of **USD 9.5M**

up 9% YoY impacted by strong consumer sales and no large contracts from the Business segment.



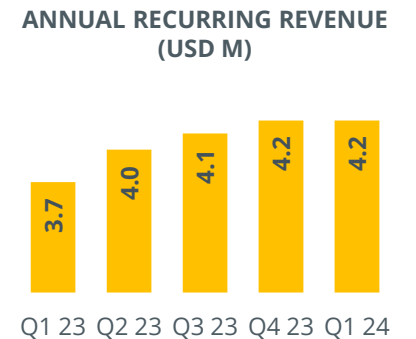
Q1 gross profit of **USD 5.8M**

gross profit margin of 61% compared to 56% in Q1 23.



Q1 total ARR of **USD 4.2M**

up 14% YoY supported by increased software sales and low churn in the Business segment.





Airthings 3.0 strategy is paying off



Drivers for growth

Uniquely positioned to capture growth in a global market, capitalizing on two megatrends:

Consumer segment



Health
tech

- 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 non-smokers
- About **55 million people** have asthma in the US and Europe combined; particle pollution is a major cause of asthma
- Rapid increase in instances of wildfires **increase the risk** of both cardiovascular- and respiratory-related effects



Business segment



Energy
efficiency

- **30%** of global energy consumption comes from commercial buildings – representing an enormous opportunity to cut costs and CO₂
- Important to find ways to **improve the energy efficiency** in buildings - automated HVAC control is key
- **6 of 10 school children globally** 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 and school children driving change in public buildings



Strategic priorities for profitable growth

Focus on three pillars

1

Go-to-market strategy

- **Increase awareness and generate demand** for Airthings' solutions and products
- Move towards a **digital-first** GTM model

2

Product focus

- **Create engaging user experiences** across software and hardware

3

Operating model

- **Develop a scalable operating model** and drive down variable cost

... to drive scalable growth and profit over time

Growth in revenues

+

Expansion of gross profit margins

+

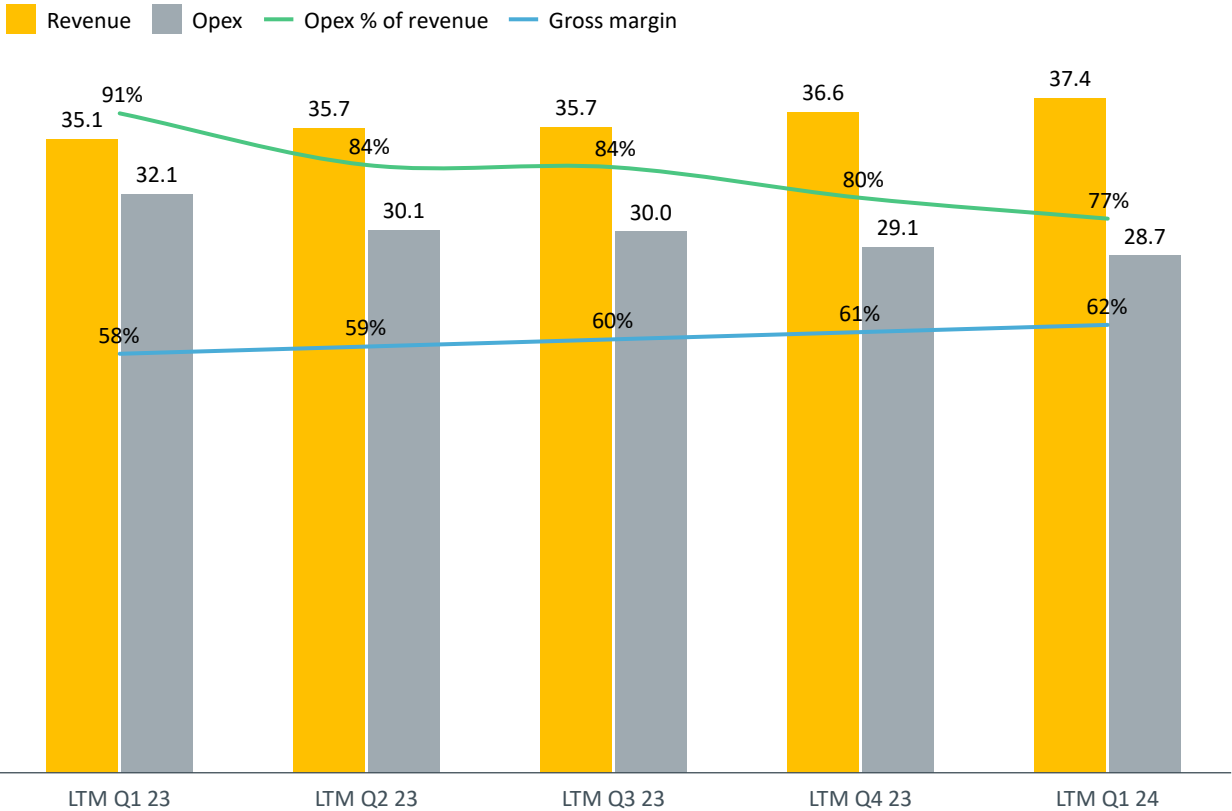
OPEX growing less than 1-to-1 with revenue

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Positive and expanding EBIT/EBITDA margins

Improved profitability

Path to profitability (USDm)



Airthings 3.0 implementation

Executing Airthings 3.0

Growth in revenues
LTM +6% YoY

Expansion of gross margins
LTM +4%-points YoY

OPEX growing less than 1-to-1 with revenue
LTM OPEX-to-revenue -14%-points YoY

Clear and faster path to profitability
LTM EBITDA margin +18%-points YoY

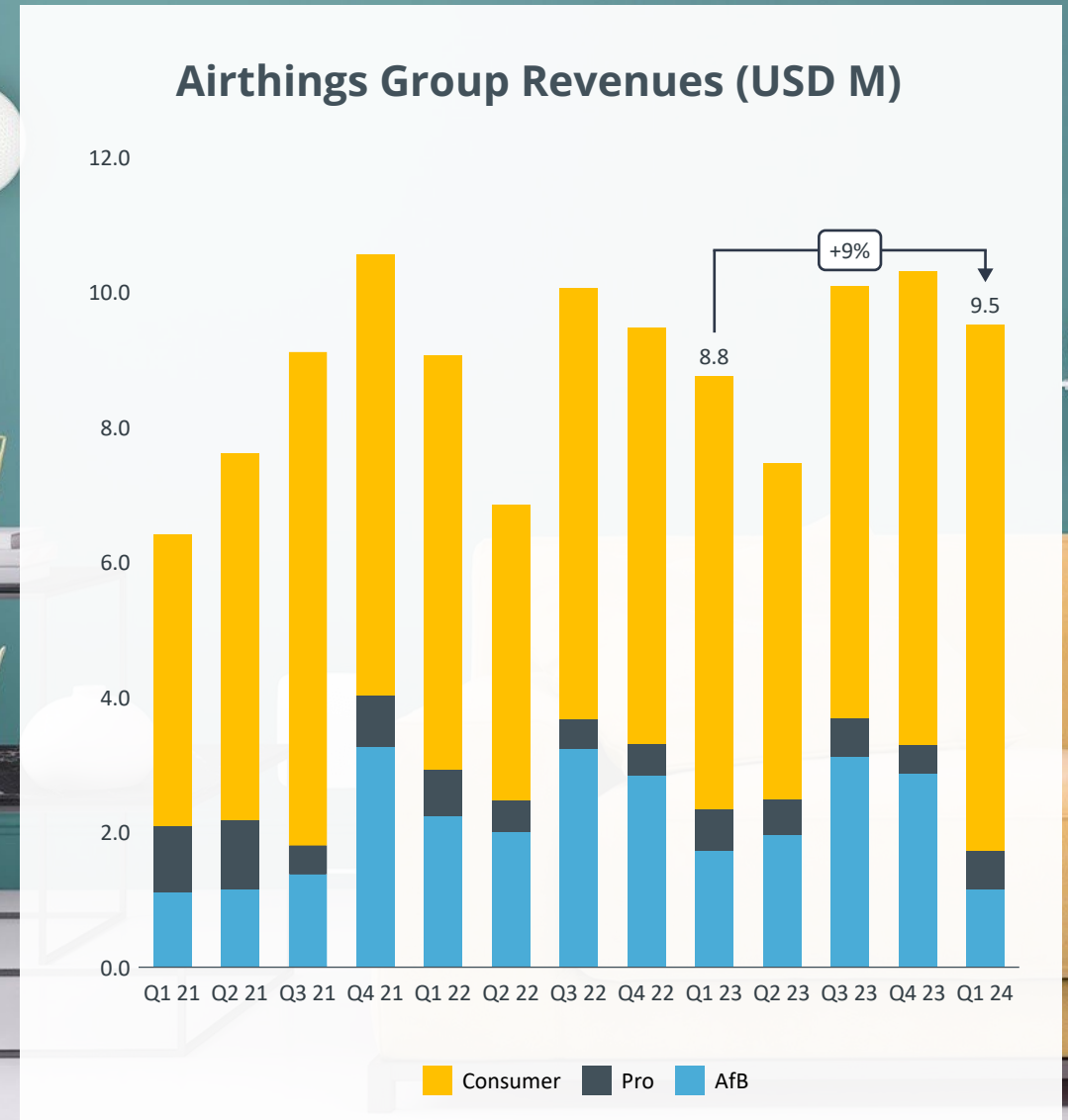
Q1 results



YoY revenues increase.

On segment level, the quarter has a two-fold outcome

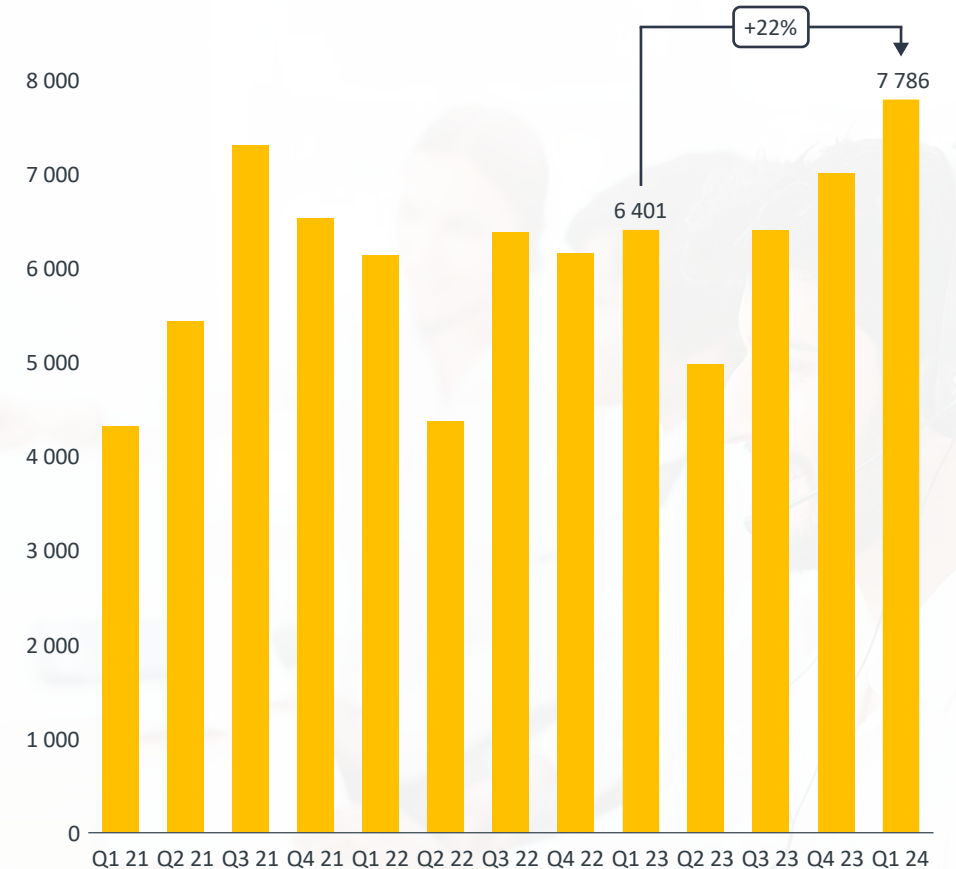
- Sales revenues of **USD 9.5M**, up 9% YoY
 - Revenues from the Consumer segment at all-time high USD 7.8m, up 22% YoY
 - Lower than expected revenue contribution from the Business segment of **USD 1.2M**, down 34% YoY
- Gross profit margin of **61%**
 - Up 5% points from Q1 23 from consumer margin expansion due to less aggressive promotions



Consumer segment Q1 update

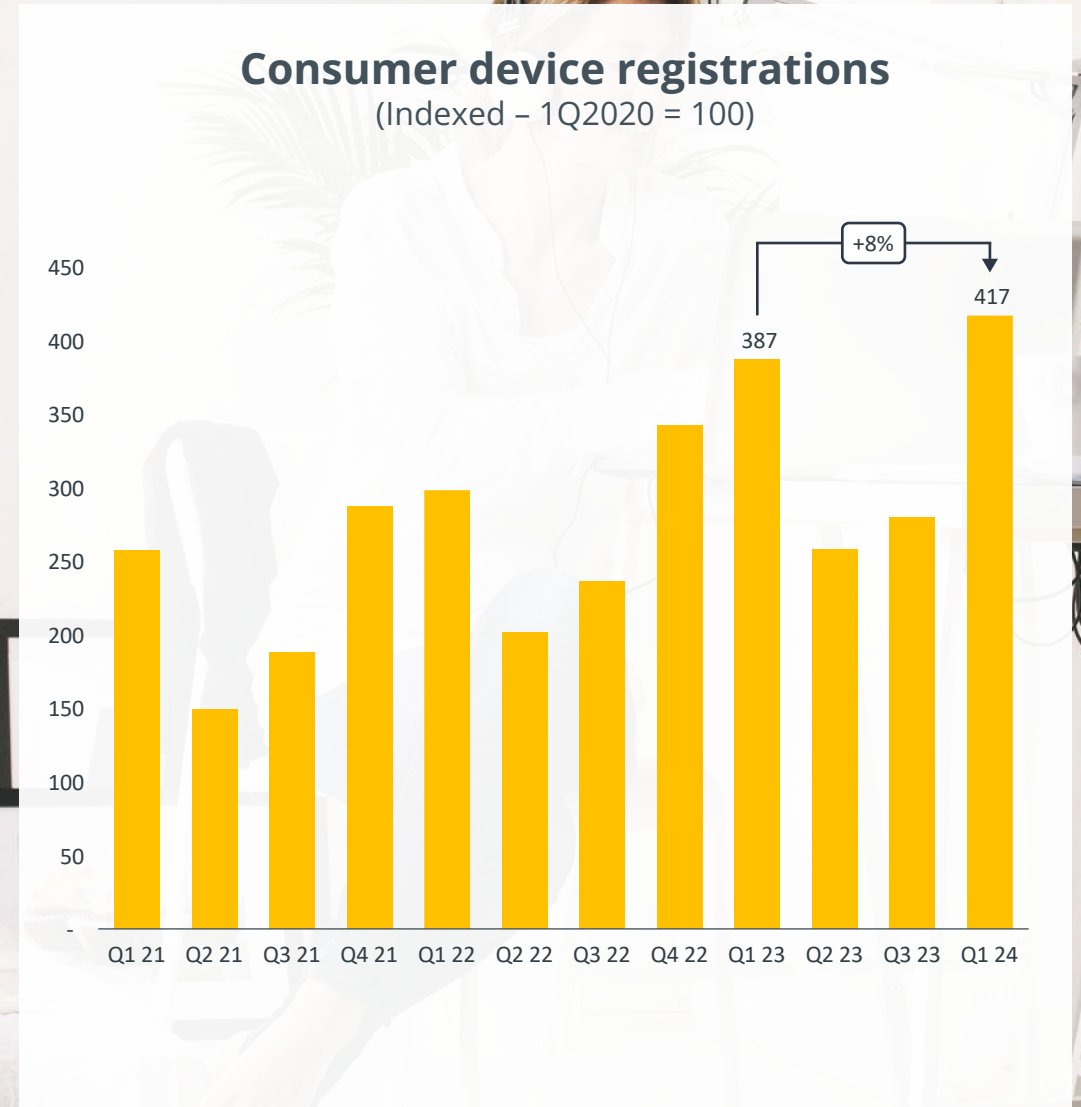
- Record-high quarterly revenue of **USD 7.8M**, up 22% YoY
 - Strong underlying demand across all channels
 - Solid performance, with Amazon and increasing organic traction on internal digital sales channel
 - Seasonal activities and more precise targeting
 - Boosted by January Radon Awareness month in US
- Gross Profit Margin **57%**
 - Up from 49% in Q1 23 due to increased internal channel sales and lower levels of promotional activities

Consumer Sales Revenues (USD'000)



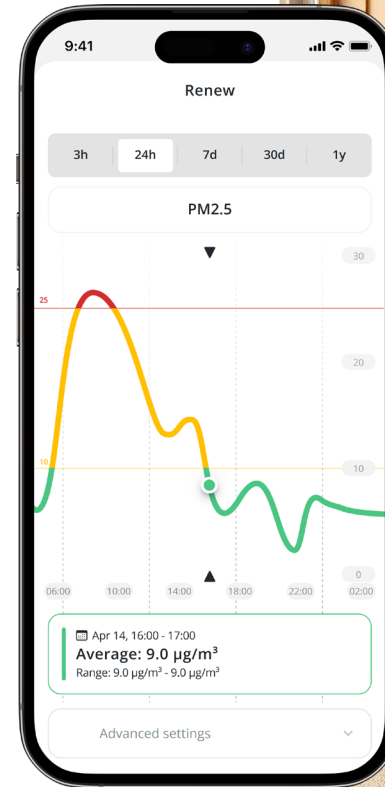
All-time high consumer device registrations

- New devices are registered when linked to an Airthings app
- Healthy underlying demand:
 - New device registrations for connected products up 8% in Q1 24 vs. Q1 23
 - Q1 last year had unusually high registrations due to campaigns for certain products that quarter
 - Targeted sales on airthings.com
 - Higher prevalence of repeat purchases
 - Increased bundle sales and multiroom monitoring

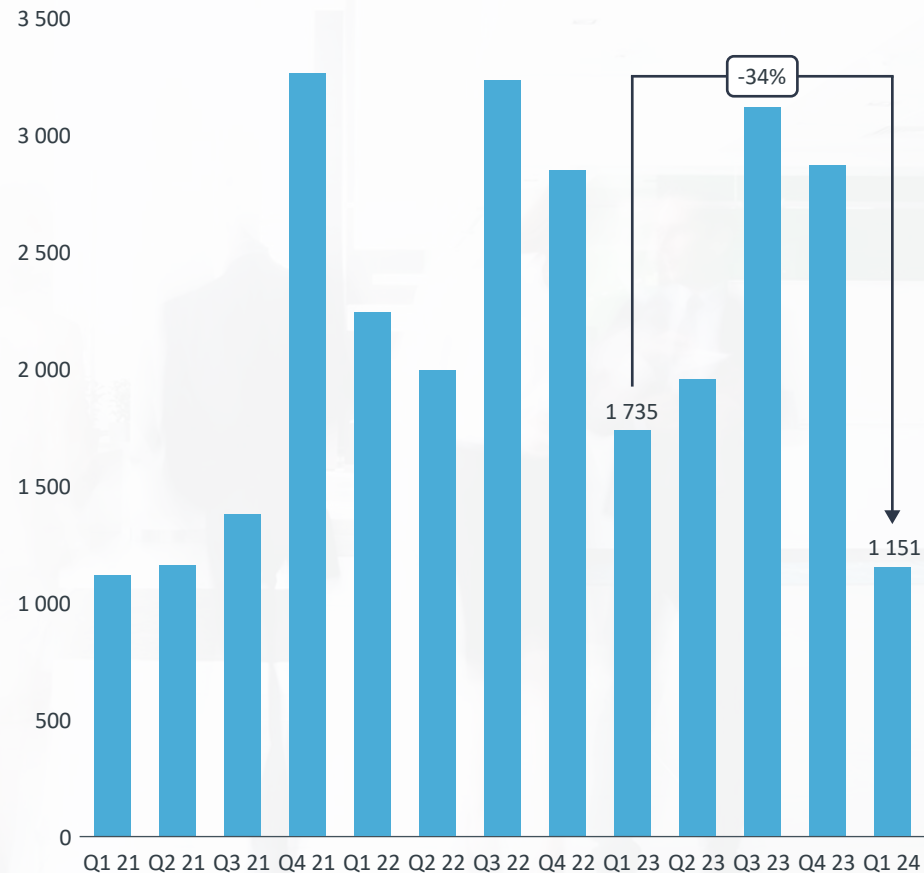


Airthings Renew: Initial batches sold out

- **Smart Air Purifier** – first direct mitigation device, representing a new category for Airthings
- **Answer** to all our customers who want to **actively clean the air** while having an air purifier working seamlessly in the **Airthings ecosystem**
- Introduced at **CES 2024 in Las Vegas** in January, market launch in March
- **Solid market reception with strong pre-orders** as well as reviews and awareness across our key markets



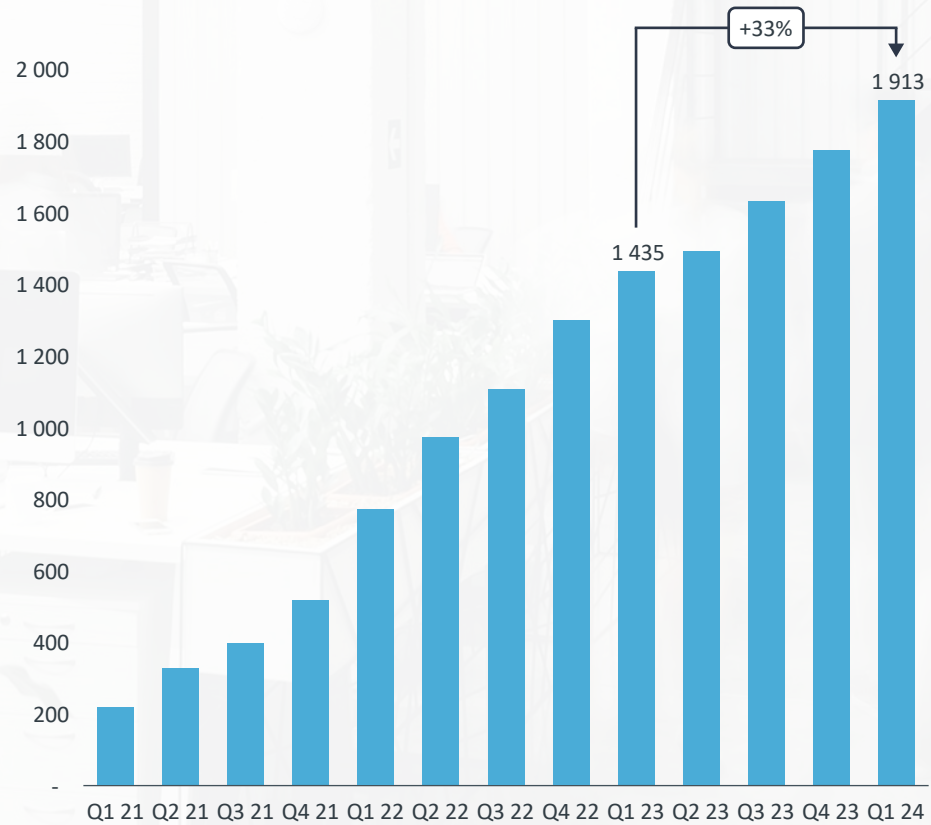
Business Sales Revenues (USD'000)



Business segment Q1 update

- Sales revenues of **USD 1.2M**, down 34% YoY
 - No large shipments in Q1 24
 - Timing of individual deals has a great effect on revenue opportunities
- **ARR** reached USD 3.1M, up 19% from Q1 23
- **74%** Gross Profit Margin, up 5%-points from Q1 23
 - Large share of high-margin software income
- **Healthy pipeline**
 - Won RFP with global healthcare company, too early to know the full impact
 - Commercial opportunities maturing with US school districts, municipalities and commercial real-estate
 - Installed 1,300 devices with Fortune 500 customer

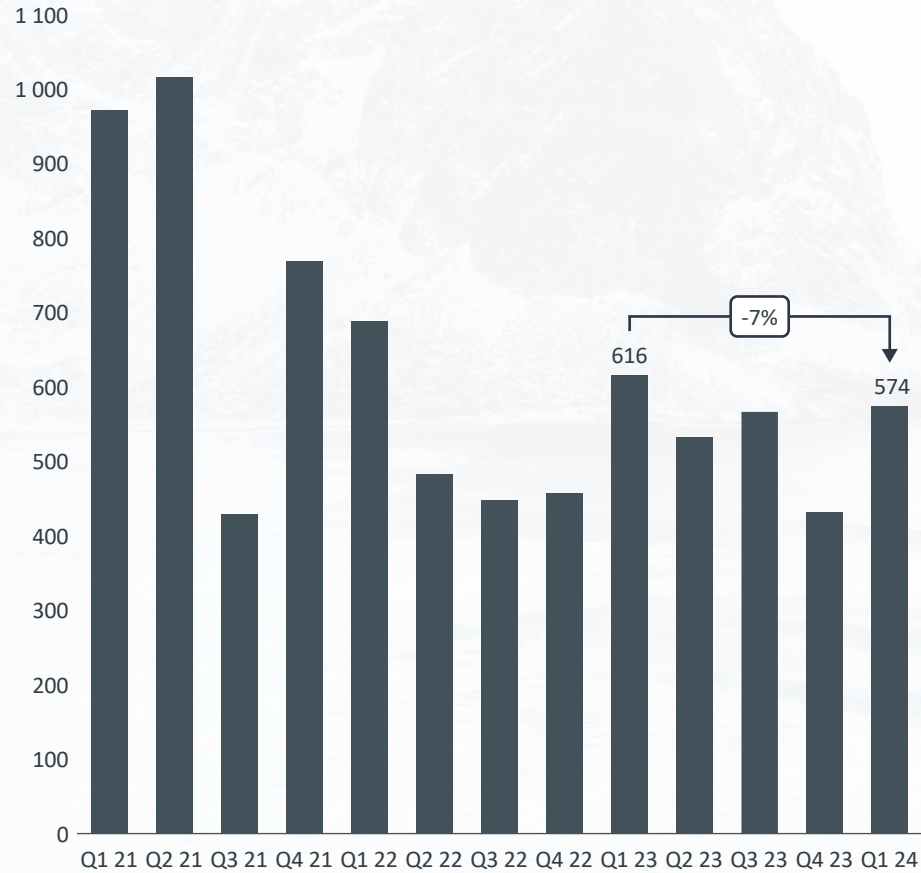
Devices in the field (Business segment) (Indexed - 1Q2020 = 100)



Devices in the field continuing to expand

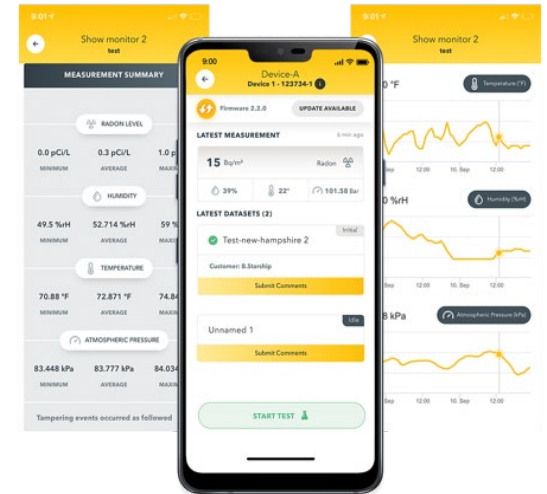
- Devices in the field grew by 33% in Q1 24 vs. Q1 23
- Driver of underlying growth in ARR in Business segment

Pro sales revenues (USD'000)



Pro segment Q1 Update

- Sales revenues of **USD 0.6M**, down 7% YoY
- **88%** Gross Profit Margin up 1%-points from Q1 23



Annual recurring revenue (ARR)

- ARR of **USD 4.2M**, up 14% YoY¹
 - Business segment's share of ARR USD 3.1M, up 19% YoY
 - Growth despite limited hardware sales
- **>80%** gross profits from ARR
- Negligible churn
- Q2 24 ARR guidance of **USD 4.3 – 4.5M**, mainly driven by continued new sales in the Business segment

1) Downward revision of ARR in the Pro segment in Q1 23 caused a reduction from USD 4.0 million to USD 3.7 million in Q1 23. The year-on-year ARR growth would have been 6% prior to the revision.

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

Magnus Bekkelund, interim CFO



Income statement

Sales revenues of **USD 9.5M** in Q1 24, up 9% YoY

Sales gross margin of **61%**. Up 5 percentage points from Q1 23

EBITDA-loss of **USD 1.8M** at **-19% EBITDA-margin** compared to **-37%** in Q1 23

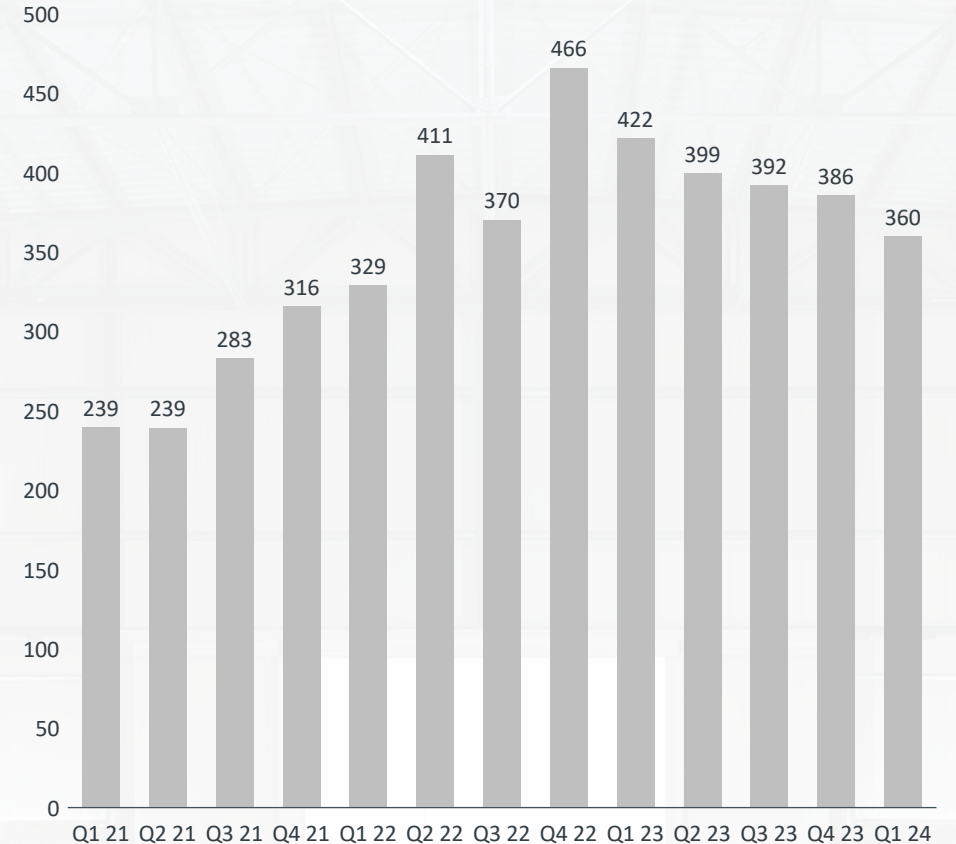
EBIT-loss of **USD 2.2M**

(USD'000)	Q1 24	Q1 23	2023
Total revenue	9 511	8 752	36 592
Cost of goods sold	3 755	3 887	14 302
Gross profit	5 756	4 865	22 290
Sales Gross Margin	61%	56%	61%
Employee benefit expenses	3 643	4 172	15 090
Other operating expenses	3 956	3 899	14 033
EBITDA	-1 843	-3 206	-6 832
Depreciation and amortization	377	387	1 516
Operating profit / EBIT	-2 220	-3 593	-8 349
Financial income / (expenses)	1 199	988	319
Profit (loss) before tax	-1 020	-2 605	-8 030
Income tax	-222	-524	-1 772
Net profit (loss)	-798	-2 081	-6 258
Earnings per share (USD)			
Basic earnings per share	-0.00	-0.01	-0.03
Diluted earnings per share	-0.00	-0.01	-0.03

Reducing inventories

- **USD 1.2M** decline in overall inventories over the course of Q1 24
- Decline in Average Days of Inventory from 386 to 360
- Reflecting active steps taken, such as promotional activities and reduced inbound supply
- Aim to reduce inventory to 250 days at year end
 - Assuming no major currency effects to boost value of inventory

Average Days of Inventory



Balance sheet

Change in assets

- Deferred tax asset
- Inventories
- Trade receivables
- Cash

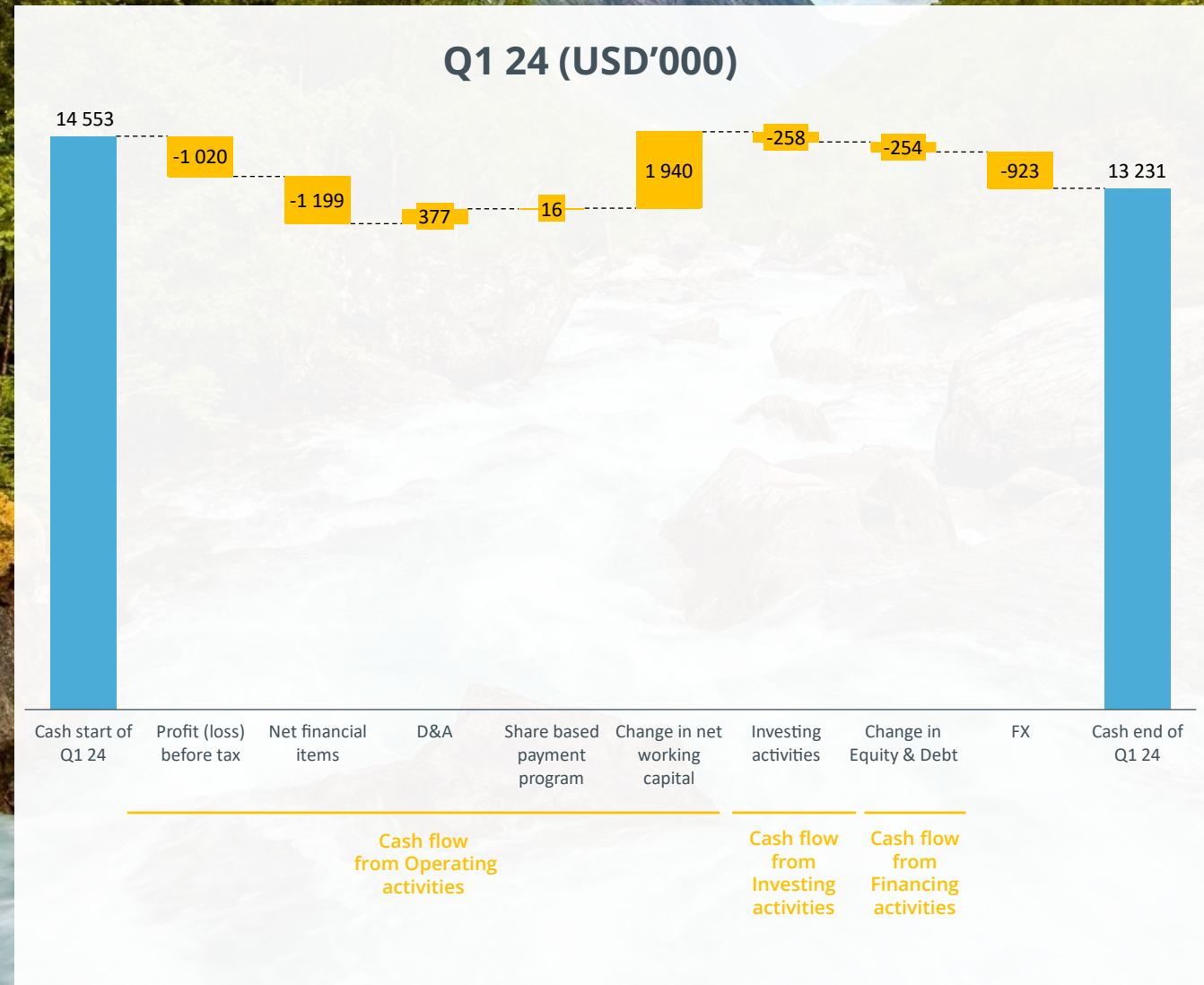
Change in liabilities

- Non-current interest-bearing liabilities
- Trade and other payables

(USD'000)	31.03.2024	31.03.2023
Goodwill	2 621	2 702
Intangible assets	3 619	2 599
Deferred tax assets	8 552	7 246
Property, plant and equipment	502	752
Right-of-use assets	2 154	3 004
Other non-current assets	98	129
Total non-current assets	17 546	16 432
Inventories	14 155	17 116
Trade receivables	9 395	10 378
Other receivables	5 696	6 204
Cash and cash equivalents	13 231	15 427
Total current assets	42 477	49 126
Total assets	60 023	65 558
Total equity	46 564	52 890
Non-current interest-bearing liabilities	1 296	0
Non-current lease liabilities	1 585	2 396
Other non-current liabilities	101	119
Total non-current liabilities	2 982	2 515
Current lease liabilities	805	864
Trade and other payables	6 106	6 207
Contract liabilities	1 798	1 360
Income tax payable	25	36
Other current liabilities	1 742	1 686
Total current liabilities	10 476	10 153
Total equity and liabilities	60 023	65 558

Cash Flow Statement

- **Positive cash flow from operating activities of USD 0.1M**
 - Negative EBIT offset by reduced inventories and reduced trade receivables
- **Cash flow from investment activities of USD -0.3M**
 - Development expenditures, PPE and interest received
- **Cash flow from financing activities of USD -0.3M**
 - Lease liabilities
- **Net unrealized foreign exchange difference of USD -0.9M**



Summary and outlook



Summary and outlook

- **Solid quarter**, two folded outcome on segment level
- **Record high Consumer** segment, up 22% YoY, mainly driven by solid performance with Amazon and increasing traction on Airthings.com.
- **Business segment** lower than expected revenues contribution in the quarter
- First quarter with **positive operating cash flow**, mainly driven by reduced trade receivables and reduced inventory
- **Airthings Renew** launched with solid market reception, strong pre-orders, and good reviews and awareness across our key market

- Q2 marks the start of the **wildfire season and is peak pollen season**. We recently released a new pollen feature in the app and are continuously working on improving customer experience

Guidance (USD M)	Q2 2024
Revenue	8.0 – 10.0
Annual Recurring Revenue	4.3 – 4.5



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Q&A

