

Q3 2024 results

October 24th, 2024

Emma Tryti, CEO

Magnus Bekkelund, Interim CFO



Q3 highlights

Consumer segment with quarterly revenues of USD 7.7M, up 21% YoY in a quarter driven by large retail events and robust demand for products measuring radon.

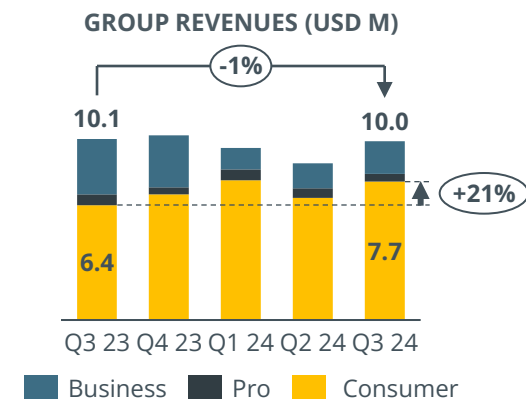
Reorganization and restructuring completed, in line with updated strategy. One-off costs in Q3, but lower cost base going forward.

Launched Wave Enhance, received good feedback from both Amazon and leading Nordic retail accounts.



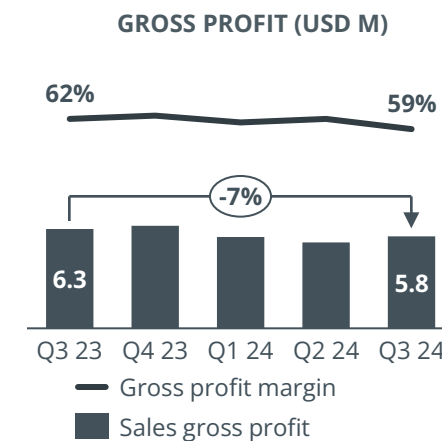
Q3 revenues of USD 10.0M

on par with Q3 last year despite a 42% decline in the Business segment.



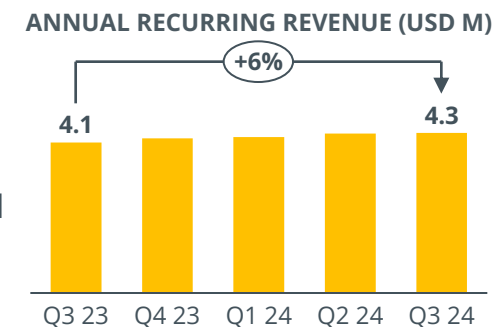
Q3 gross profit of USD 5.8M

down 7% from USD 6.3 million in Q3 23. Gross margin impacted by segment and channel mix.



Q3 total ARR of USD 4.3M

up 6% YoY, supported by increased software sales and low churn in the Business segment.



Note: numbers may not sum due to rounding

Investing in one, united value proposition

From ...

Twofold value proposition

Consumer



Health IAQ

Business



Health IAQ



Building control

Pursuing four trends

Health tech

Smart home

Energy efficiency

Sustainability



... to

Focus on health tech

Health tech

Smart Home

Energy efficiency

Sustainability

Investing in one value proposition

Invest



Health IAQ

For both Consumers and Business, leveraging our direct channels and partner ecosystem

Maintain



Building control to be developed and distributed through value-add partners

Executing on updated strategy

Strategy update

Strategic initiatives to capitalize on IAQ awareness and reduce complexity

1 Value proposition

Invest in one, united value proposition: Indoor air quality solutions to people at **home, school** and **work**

Sell direct and through strategic partners enhancing our distribution power

2 Partnerships

Enable trusted partners to sell and grow building control to businesses

Sell exclusively through value added partners

3 Organization

Reduce complexity through a leaner operating model and organization



Completed:

- 20% work force reduction completed, reducing annual operating expenses by about USD 2.5 million in 2025
- Leaner organization and operating model established
- USD 0.9 million charged in restructuring cost in Q3 24
- Focus on progressing on our path to profitability through execution of the updated strategy

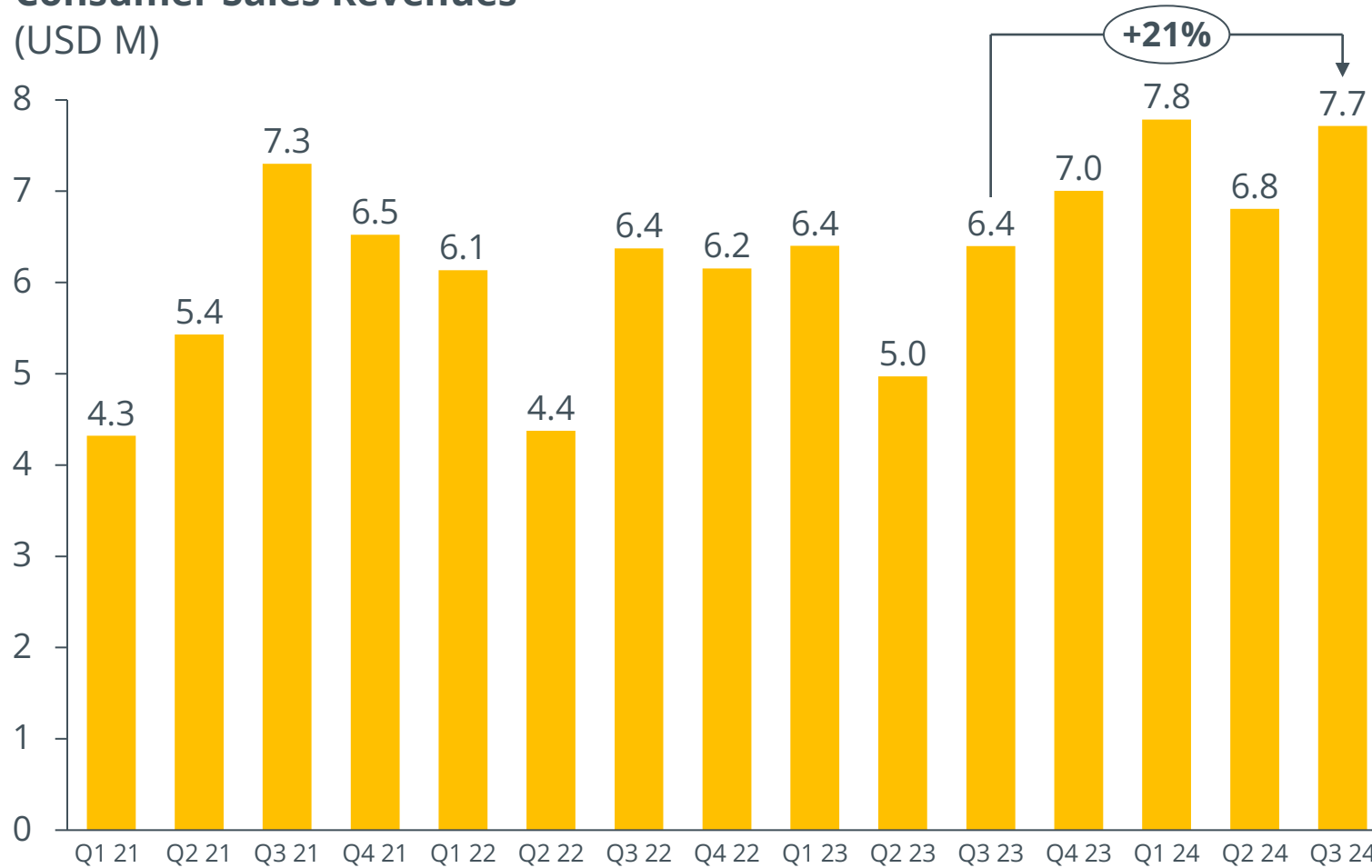
from Q2 presentation August 21st, 2024

Consumer revenues +21% YoY

Consumer segment Q3 update

Consumer Sales Revenues

(USD M)



Continued strong demand

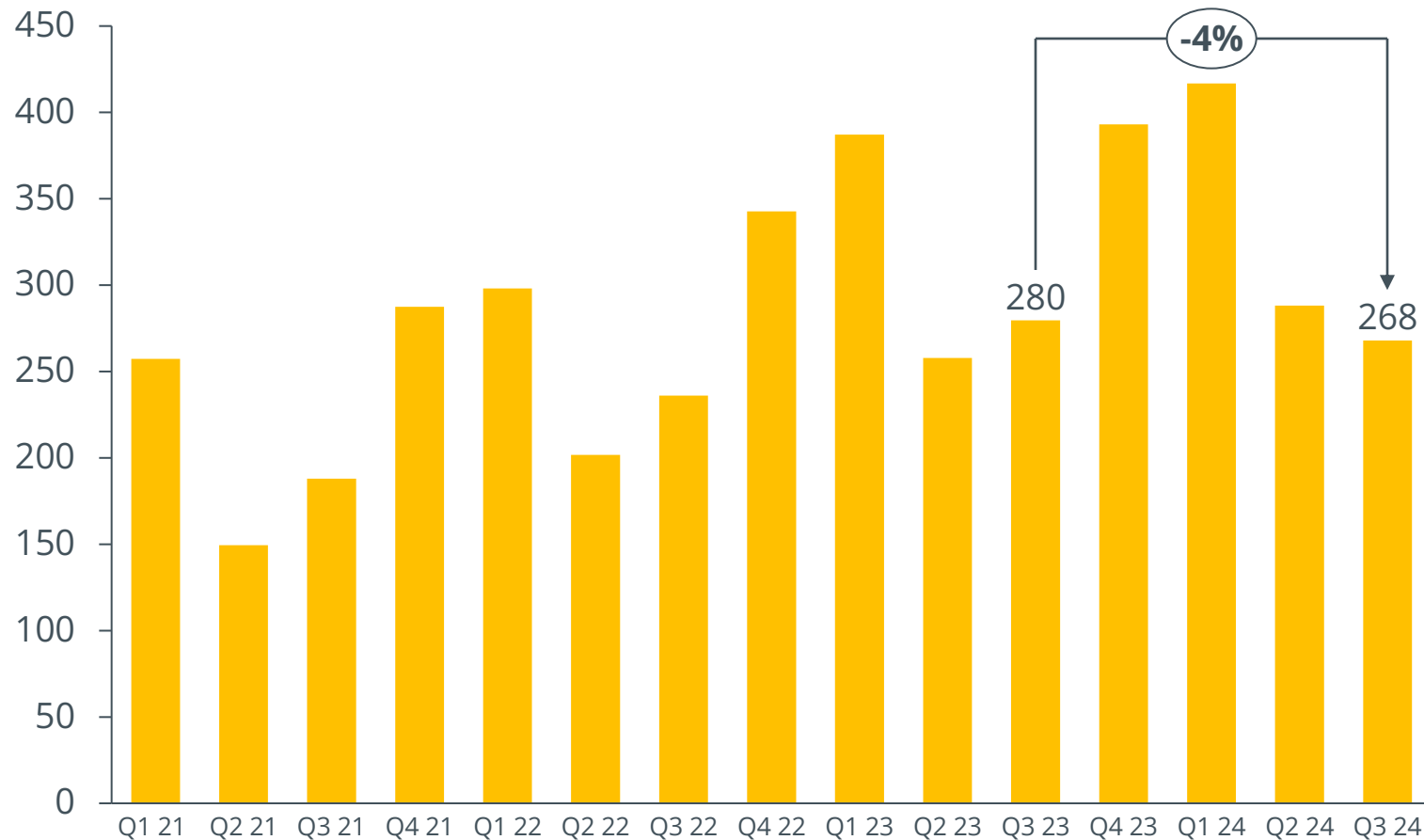
- Growth mainly driven by increased demand for easy-to-use safety related products for radon monitoring in North America.
- The retail channel was the main revenue contributor, driven by high velocity events.
- Direct sales through Airthings.com continue to excel, up 42% YoY, despite generally lower digital sales during the summer.

Steady growth in new device registrations

Consumer segment Q3 update

New consumer device registrations

(Indexed – Q1 20 = 100)



Strengthened customer loyalty

- Amount of new device registrations for connected products slightly down from Q3 23 due to channel and product mix.
- Repeat sales accounted for 27% of total sales in Q3 24, on par with Q3 23, confirming customer satisfaction and loyalty.
- View Plus continued to be the most popular second purchase.

Strong customer satisfaction across software and hardware

Launched Wave Enhance

“ The CO₂ sensor is accurate and reminds me to open windows and exchange the air frequently.

“ Nice look, good app, visualized graph, long-term data and easy setup just like other Airthings' products.

Continued validation from Amazon customers



Wave Plus

★★★★★
4.2 (2 950 ratings)



View Plus

★★★★★
4.0 (1 285 ratings)



Corentium Home

★★★★★
4.6 (10 027 ratings)



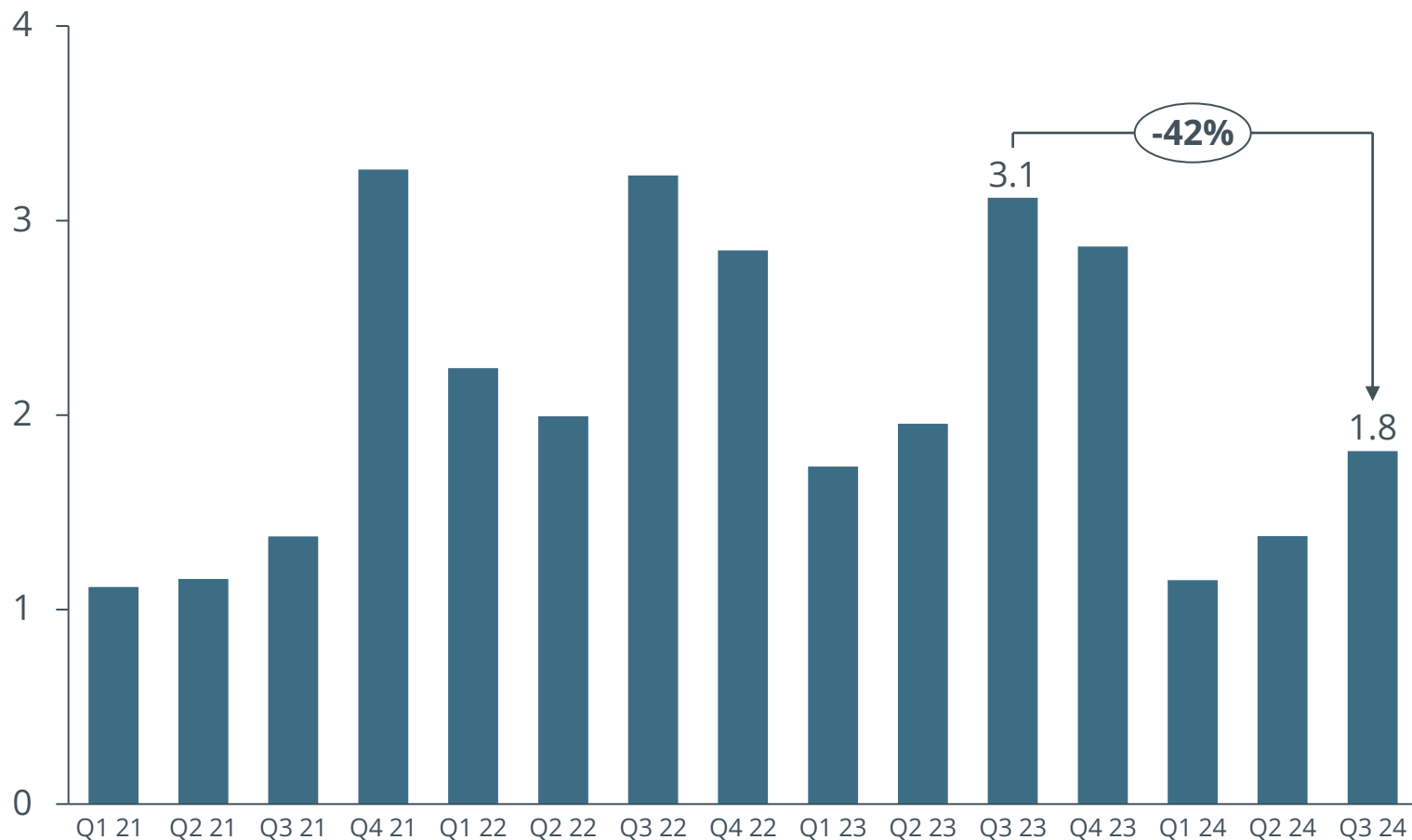
Strong app ratings:
App Store and Google Play ratings at 4.1 and 4.5 stars, respectively

Positive sales momentum in the Business segment

Business segment Q3 update

Business Sales Revenues

(USD M)



Growing pipeline, in line with strategy update

- YoY revenue comparison impacted by one, large customer deal in Q3 23.
- Proactive direct sales to non-scalable business customers halted, in line with strategy update
- Increasing sales momentum, with medium-sized orders from large existing customers. Revenues up 32% from Q2 24.
- Challenging real estate market and no new large projects in the third quarter. Our pipeline continued to grow; long-term outlook remains positive.

Focus on schools and large enterprises representing the highest ROI

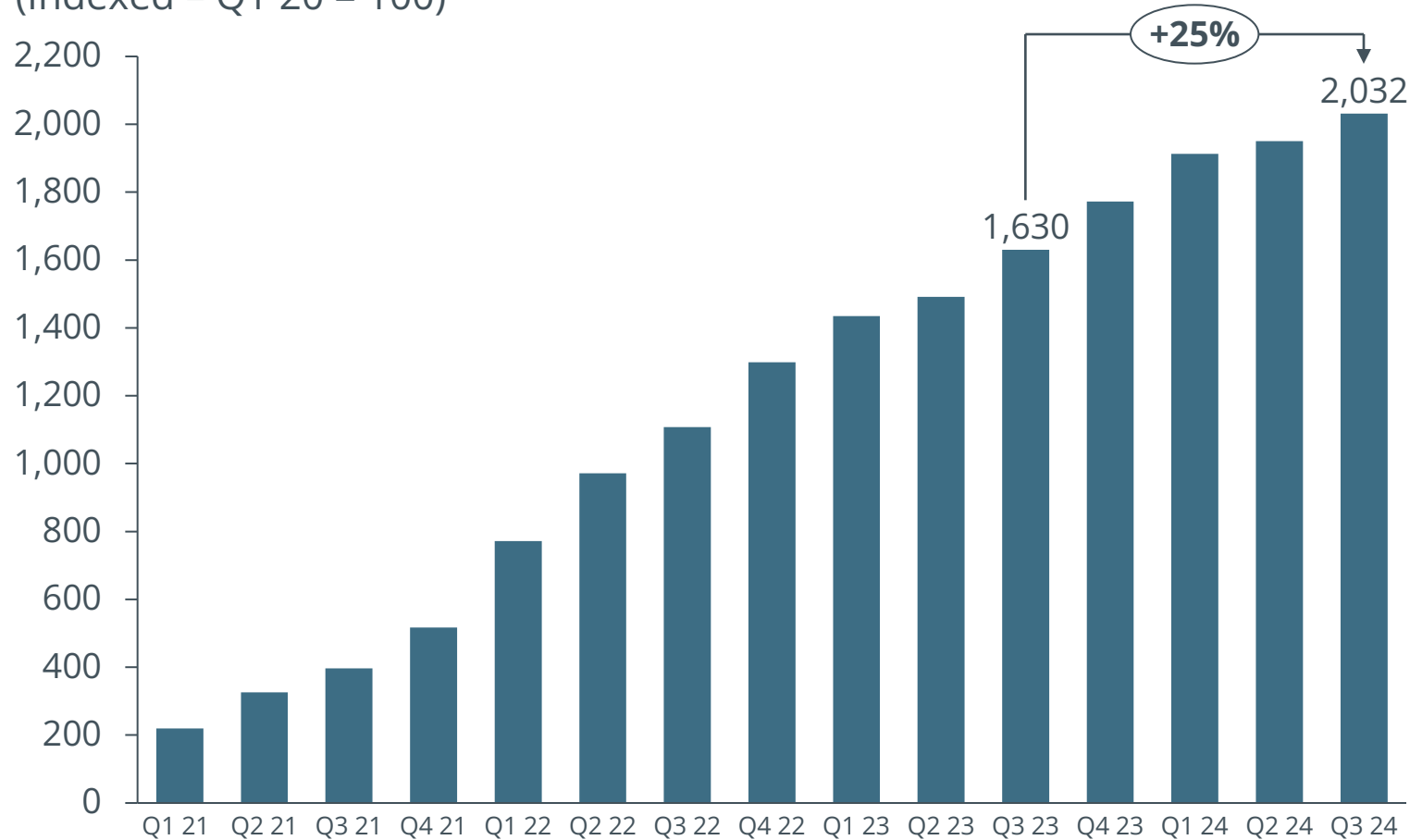
Business Segments

	Schools and public buildings	Large enterprises	Other
<i>Examples of current end-customers</i>	Ivy league universities California schools Municipalities in Norway	Multiple Fortune 500 companies in the US Several European based global enterprise customers	Hotels Prisons Hospitals Retail Museums Gyms Senior living Warehouses Restaurants
<i>Device density</i>	Higher		Lower
<i>Win rate</i>	Higher		Lower
<i>Avg. deal size</i>	Higher		Lower
<i>LTV/CAC</i>	Higher		Lower

Considerable growth in device deployment

Business segment Q3 update

Devices in the field (Business segment) (Indexed - Q1 20 = 100)



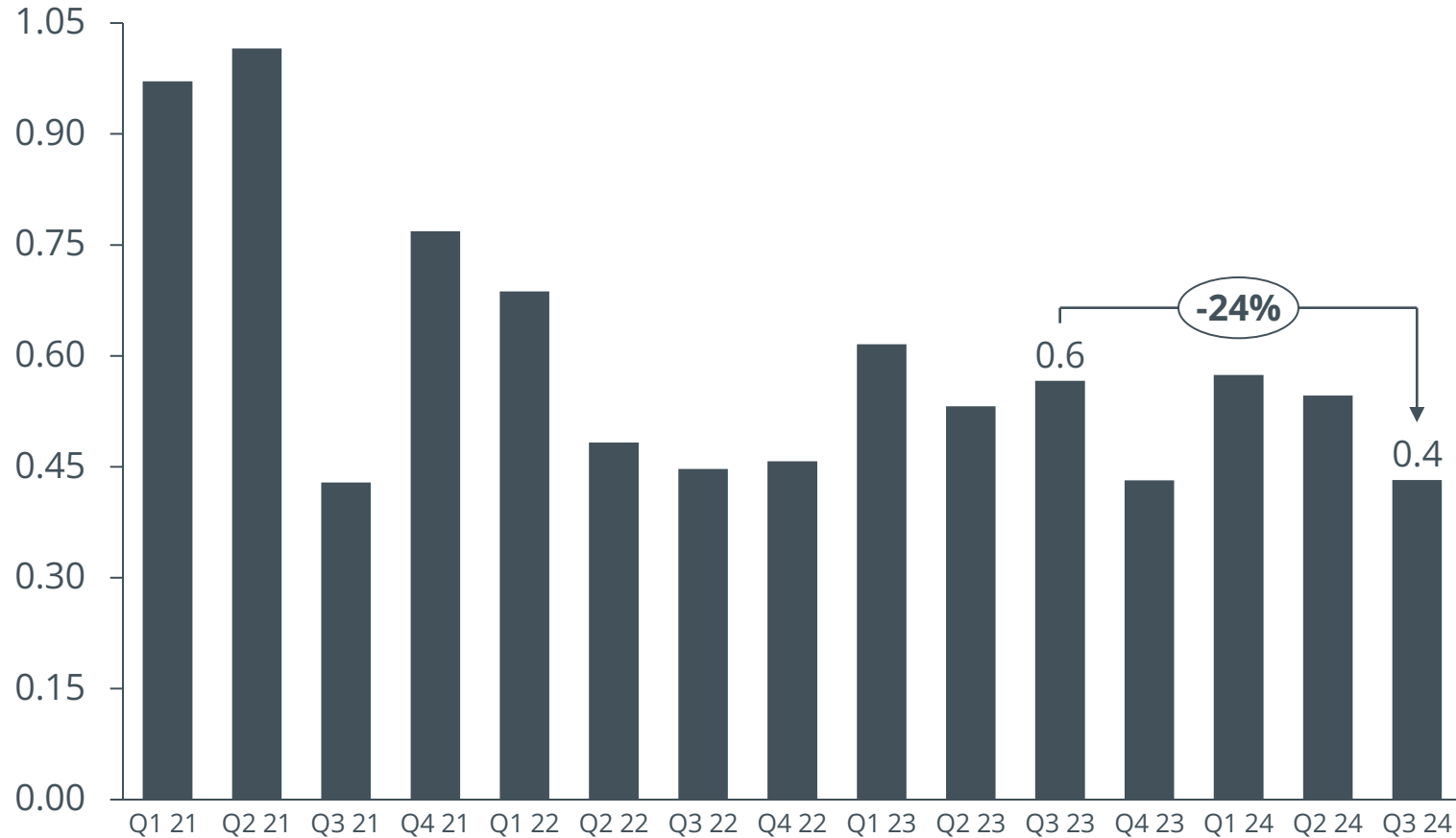
Number of devices in the field +25%

- Increasing demand from large enterprise clients that value employee wellness and performance.

Steady sales at modest levels in Pro

Pro Segment Q3 update

Pro Sales Revenues (USD M)



YoY sales slightly down

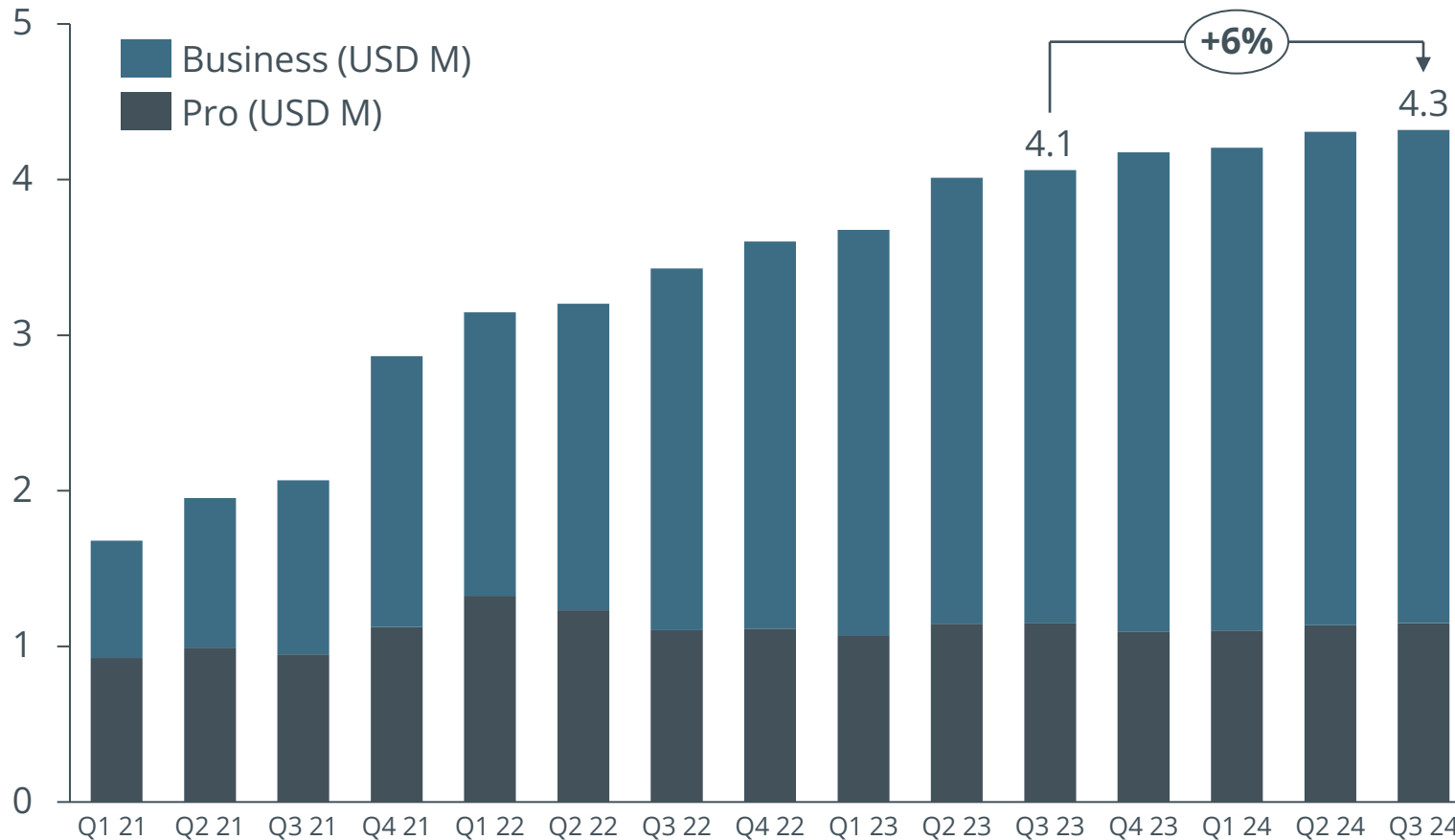
- Mainly sales to radon professionals in the US market.

Q3 results

ARR +6% YoY, driven by the Business segment

Annual Recurring Revenue Q3 update

Annual Recurring Revenue (USD M)



ARR +6% YoY

- ARR from the Business segment +9% to USD 3.2 million.
- Driven by large installations at major enterprise customer.

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

Income statement

- Revenues of **USD 10.0M**
- Gross margin of **59%**, decline driven by segment and channel mix
- EBITDA **negative USD 1.3M at -13% EBITDA-margin, compared to 1% in Q3 24**
 - Includes restructuring cost of USD 0.9M.
- EBIT negative USD 1.9M

(USD 1 000)	Q3 24	Q3 23	YTD 24	YTD 23
Total revenue	9 963	10 082	28 207	26 290
Cost of goods sold	4 124	3 824	11 166	10 541
Gross profit	5 839	6 258	17 041	15 750
<i>Sales Gross Margin</i>	59%	62%	60%	60%
Employee benefit expenses	3 560*	2 745	11 026	11 178
Other operating expenses	3 613	3 440	10 854	10 439
EBITDA	-1 334	73	-4 840	-5 868
Depreciation and amortization	525	390	1,479	1,153
Impairment	0	0	0	0
Operating profit / EBIT	-1 859	-318	-6 319	-7 020
Financial income / (expenses)	-109	-237	810	1 036
Profit (loss) before tax	-1 968	-555	-5 509	-5 984
Income tax	-216	-111	-899	-1 247
Net profit (loss)	-1 752	-444	-4 610	-4 737

Earnings per share (USD)

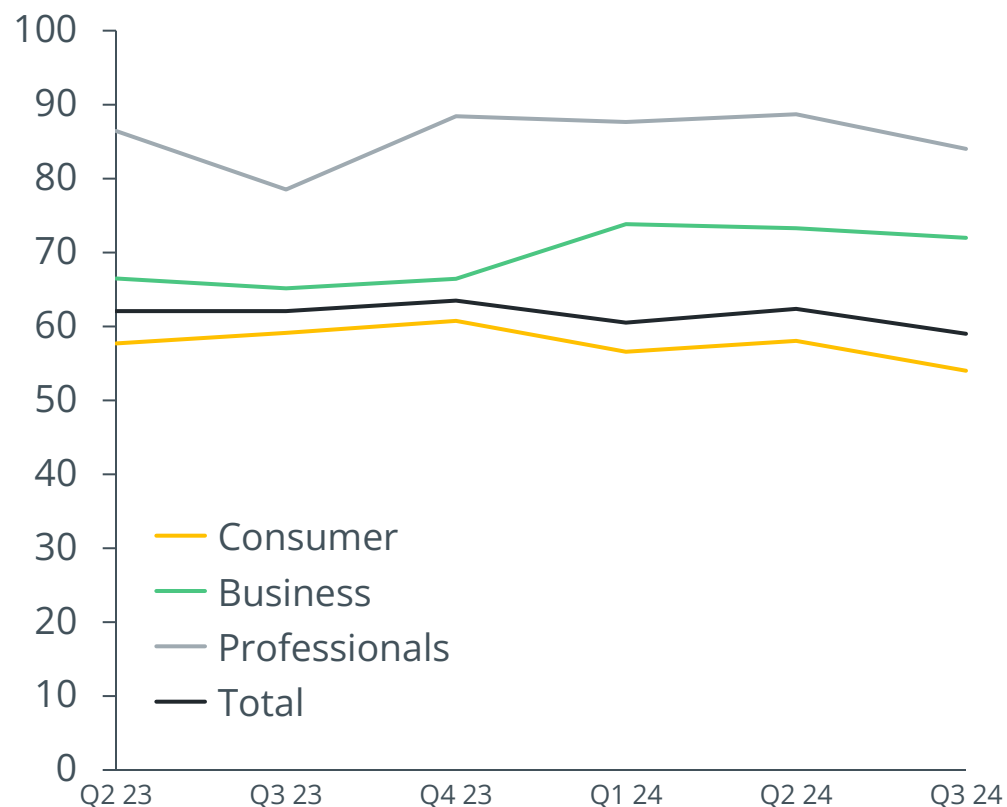
Basic earnings per share	-0.01	-0.00	-0.02	-0.02
Diluted earnings per share	-0.01	-0.00	-0.02	-0.02

Gross margin impacted by segment and channel mix

Income statement

Gross margin, total and per segment

(%)

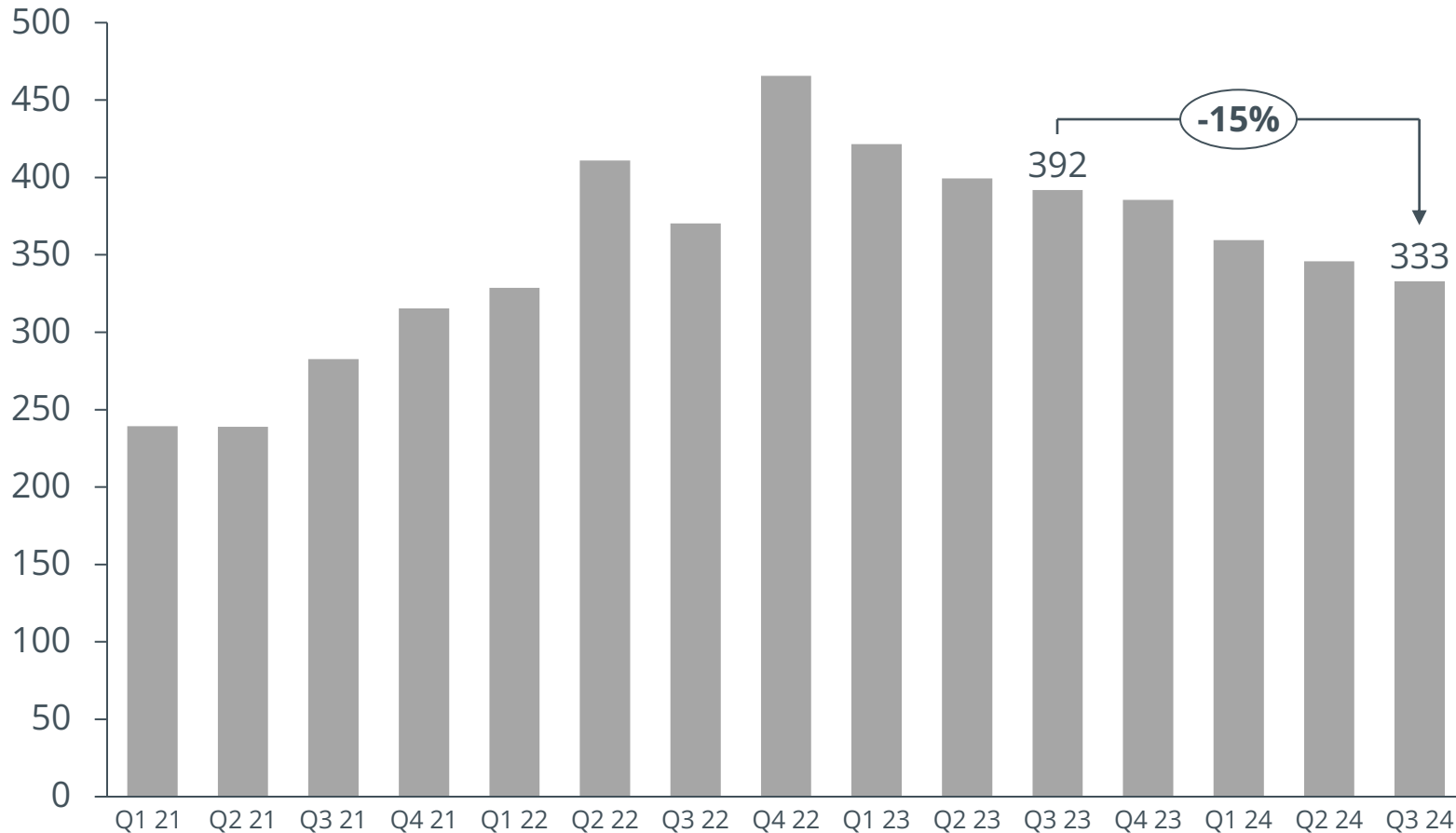


Consolidated income statement (USD 1,000)	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Consumer					
Total revenues	6,399	7,004	7,786	6,808	7,715
Cost of goods sold	2,616	2,749	3,383	2,857	3,539
Gross profit	3,783	4,255	4,403	3,951	4,176
<i>Sales Gross Margin</i>	59 %	61 %	57 %	58 %	54 %
Business					
Total revenues	3,117	2,866	1,151	1,378	1,815
Cost of goods sold	1,086	962	301	369	516
Gross profit	2,031	1,904	850	1,010	1,299
<i>Sales Gross Margin</i>	65 %	66 %	74 %	73 %	72 %
Professionals					
Total revenues	566	432	574	546	432
Cost of goods sold	122	50	71	62	69
Gross profit	444	382	503	484	363
<i>Sales Gross Margin</i>	79 %	88 %	88 %	89 %	84 %
Total revenues	10,082	10,302	9,511	8,733	9,963
Gross profit	6,258	6,540	5,756	5,445	5,839
Sales Gross Margin	62 %	63 %	61 %	62 %	59 %

Note: numbers may not sum due to rounding

Continuing work to reduce inventories

Average Days of Inventory Q3 24



Average days of inventory down 15% from Q3 23

- Total inventories reduced to **USD 13.8M**, down **USD 1.8M** from Q3 23
 - Ramped-up production of radon products in Q3 for deliveries in Q4
- Decline in average days of inventory from 392 to 333.
- Aim to reduce inventory to 250 days at year end
 - Assuming no major currency effects to boost value of inventory

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

Balance Sheet

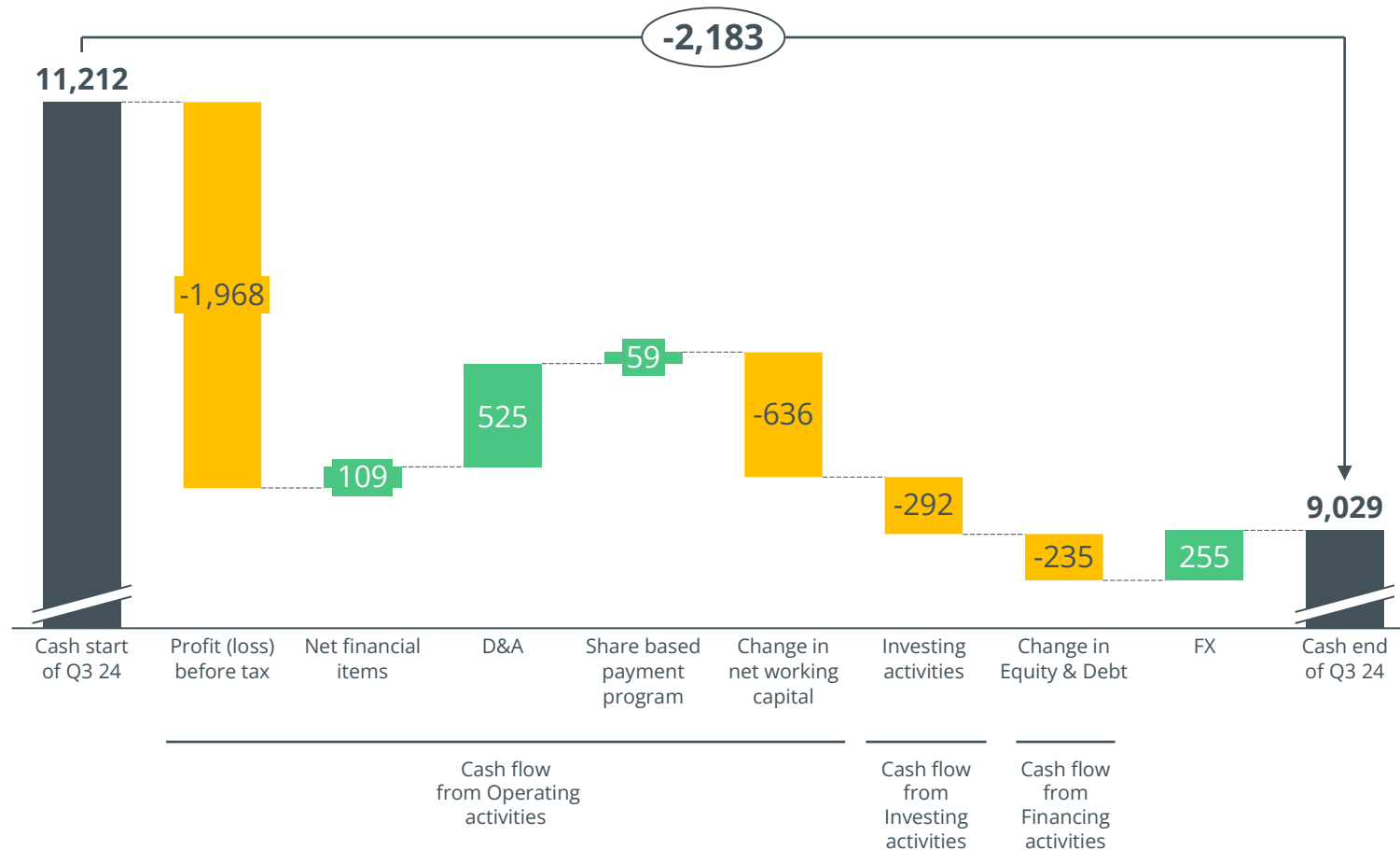
	(USD 1 000)	30.09.2024	30.09.2023
• Change in assets			
• Deferred tax asset		2 694	2 665
• Inventories		3 822	3 290
• Trade receivables		9 606	7 893
• Cash		469	686
		1 872	2 600
		80	115
	Total non-current assets	18 543	17 249
	Inventories	13 834	15 678
	Trade receivables	9 153	9 095
	Other receivables	5 263	4 433
	Cash and cash equivalents	9 029	15 473
	Total current assets	37 279	44 678
	Total assets	55 822	61 927
	Total equity	44 125	49 603
	Non-current interest-bearing liabilities	1 332	1 318
	Non-current lease liabilities	1 271	2 009
	Other non-current liabilities	77	108
	Total non-current liabilities	2 681	3 436
	Current lease liabilities	831	848
	Trade and other payables	4 997	5 242
	Contract liabilities	1 487	1 292
	Income tax payable		30
	Other current liabilities	1 700	1 476
	Total current liabilities	9 016	8 888
	Total equity and liabilities	55 822	61 927

Note: numbers may not sum due to rounding

Cash flow statement

Cash flow statement

Q3 24 Cash bridge
(USD 1,000)



- **Negative cash flow from operating activities of USD 1.9M**
 - Loss offset by financial items and depreciation and amortization.
- **Cash flow from investment activities of USD -0.3M**
 - Development expenditures, PPE and interest received .
- **Cash flow from financing activities of USD -0.2M**
 - Lease liabilities
- Cash balance of **USD 9.0M** and total available liquidity of **USD 15.0M** including the revolving credit facility of USD 6.0M with Danske Bank.

Note: numbers may not sum due to rounding

Expect continued growth

Strong growth rate in the Consumer segment expected

- Strong growth rate in the Consumer segment expected in the fourth quarter, which is peak season for air quality monitoring and strategic sales events.
- Underlying growth in the Business segment expected to be stable. However, we expect lower revenues in the Business segment in Q4 24 than in the same period last year, which was exceptionally strong due to one large transaction.

Guidance (USD M)

Q4 2024

Revenues	9.5 – 12.0
Annual Recurring Revenues	4.3 – 4.5

Potential product liability could impact Q4 revenues

- Total revenues in Q4 24 may be impacted by a possible buyback of inventory due to defective batteries in one product.
- Limited to one product/one batch of batteries delivered in 2022.
- Q4 24 total revenues may be reduced by up to USD 1.2 million.
- Assessments are ongoing.

Please see note 15 in the accounts for further details

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Q&A

