

F R O S T & S U L L I V A N

BEST PRACTICES AWARDS

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B E S T

2020
P R A C T I C E S
A W A R D

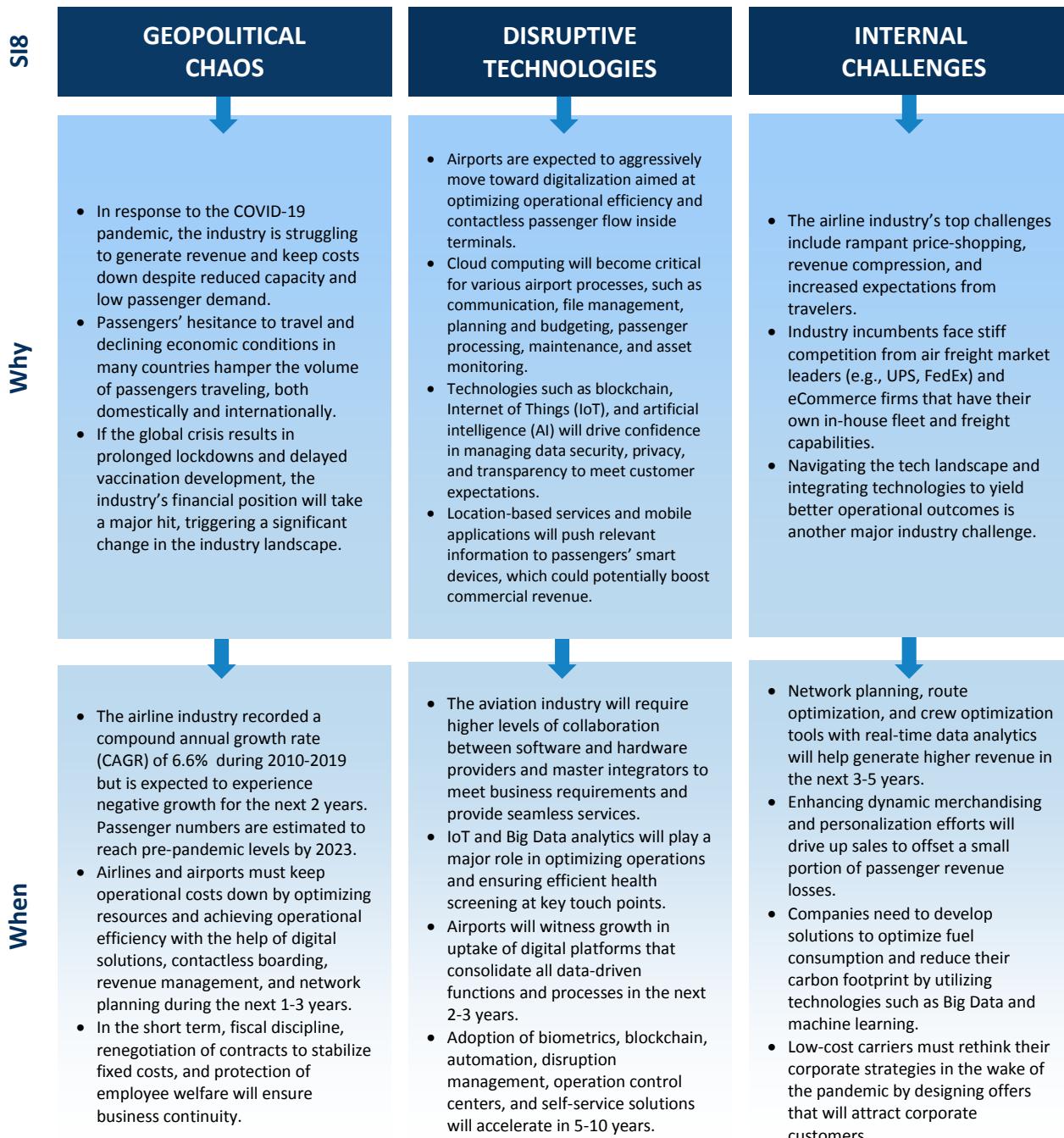


AIRTHINGS

2020 GLOBAL
INDOOR AIR QUALITY MONITORING
PRODUCT LEADERSHIP AWARD

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the building services and technologies industry: disruptive technologies, new business models, and transformative mega trends. Every company that is competing in the building services and technologies space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan's recognition of Airthings is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Airthings excels in many of the criteria in the indoor air quality monitoring space.

AWARD CRITERIA	
<i>Product Portfolio Attributes</i>	<i>Business Impact</i>
Match to Needs	Financial Performance
Reliability and Quality	Customer Acquisition
Product/Service Value	Operational Efficiency
Positioning	Growth Potential
Design	Human Capital

Company Background

Founded as Corentium in 2008, Airthings began as an idea to improve air quality and help people breathe better. The company's founders were all scientists and classical physicists at the European

Organization for Nuclear Research (more widely known as CERN) in Switzerland when they decided to collaborate on a digital solution to improve the way consumers monitor radon in indoor air. After they founded Airthings, they realized there were many other harmful substances, aside from radon, that affect air quality and impact people's lives. The

"The driving force behind Airthings' innovation has always been its goal to allow people to breathe better."

- Jeffrey Castilla, Best Practices Research Analyst

company started to build out their product portfolio with different solutions to measure carbon dioxide, humidity, temperature, air pressure, and volatile organic compounds. Today, Airthings has grown to more than 100 employees of 27 different nationalities at four offices in Europe and the United States (US).

Improving Air Quality through Innovation

The driving force behind Airthings' innovation has always been its goal to allow people to breathe better. One aspect of that vision includes Airthings' goal to make radon detectors as common as smoke detectors, a mission that led the company to develop its first product, Corentium Home.

Developed in-house as part of Airthings' intellectual property portfolio, the Corentium Home digital radon detector can measure radon levels in homes, unlike the traditional charcoal kits, which users have to send away to labs for results. After a 7-day calibration period, it provides readings within 24 hours with impressive accuracy, tracking radon levels over long periods and short periods. Frost & Sullivan notes that it is currently the only air quality monitoring device for homes and businesses that detects radon gas. With Corentium Home's success, Airthings continued to build out its smart product portfolio, which today includes eight different products that vary in price, size, and capability. All of Airthings' products are extremely easy to use. They can synchronize with Airthings' mobile application (app) and online dashboard, allowing users to track device data, analyze historical data, and identify optimization opportunities. The products are also color-coded for simplification, indicating air quality levels in green (good), yellow (fair), and red (poor). Users can simply wave their hands in front of the device, and a color will appear. Airthings made one of its most recent portfolio contributions in September 2020, when the company introduced a mold indication feature to its Wave Mini air quality monitoring device. The mold risk indication feature uses a virtual sensor to leverage data from inside the Wave Mini to determine the likelihood of molds to grow.

In November 2020, Airthings for Business introduced a new capability for offices, schools and public places named Virus Risk Indicator. The Virus Risk Indicator uses Airthings' carbon dioxide, humidity, and temperature sensors to calculate the risk of airborne virus spread indoors. The indicator ranks the risk level based on factors such as virus survival rate, occupancy levels, ventilation rate, and ability of human body to fight against these viruses. Users can access the data seamlessly through the online platform. Both the Wave Mini with Mold Risk Indicator and the Wave Plus for Business with Virus Risk indicator have been named as a CES 2021 Innovation Awards Honoree.

To supplement its portfolio further, Airthings recently acquired the Norwegian technology company, Airtight, gaining intellectual property that uses cloud-based algorithms to monitor the air pressure inside and outside of buildings, and then automates insulation based on the results. By combining its technology with Airtight's technology into an all-in-one solution, Airthings enables buildings to eliminate cold drafts almost entirely, and therefore minimize energy wastage. It can also reduce radon levels, prevent moisture, and extend the lifetime of buildings. Airthings believes that this technology could have a tremendous impact on buildings' air quality - while also decreasing the amount of energy spent on ventilation systems. Frost & Sullivan appreciates how for Airthings, this technology contains the ultimate combination of saving energy and improving air quality.

Leveraging Industry Expertise and Data Analytics to Hone in on Product Development

Frost & Sullivan recognizes how several key ingredients go into the Airthings equation, making it extremely difficult for any of the company's other competitors to match its products in design, user-friendliness, reliability, and quality.

"The demand for air quality products is increasing in society. As a thought leader and established market participant, Airthings is in a prime position to benefit from these trends while fulfilling its mission of allowing people to breathe better."

- Dennis Marcell Victor, Senior Research Analyst

To begin with, Airthings has advanced in the air quality monitoring space for more than 12 years. During this time, the company has acquired the experience and expertise to deliver innovation consistently and benefit the entire industry. For instance, Airthings' deep technological understanding allows the company to develop products and sensors that do not require a significant amount of energy to run; as such, users can operate them either with batteries, through wireless connections, making them

very simple to use. They are particularly useful for building managers, who can simply put the sensors on walls - rather than having to rewire or rebuild parts of the buildings they manage.

Over the years, Airthings has also acquired a steady stream of data to leverage in its product development. Airthings knows what products people use the most and what air quality challenges they face; the company uses these insights to hone in on customer needs in the way it designs its products. Airthings can also provide personalized advice to users on how to build out their ecosystems and air quality monitoring systems. The more data Airthings receives from its customers, the more it can identify challenges and fix them. Airthings' product team is set up to collect feedback from the entire community, ranging from direct customers to retail partners and business-to-business retailers, explore the feedback, ideas, and requests, and then prioritize the information onto the company's product development roadmap.

Application Diversity: Consumers, Businesses, and Professionals

Airthings' sales teams operate through three main channels, with dedicated business units serving consumers, businesses, and professionals. The company started by developing brands for the consumer market, with air quality and radon monitoring products for homes. While the consumer homes segment of the business is, and will likely remain, the largest baseline for the company in the foreseeable future, Airthings has also witnessed significant adoption across other end-user verticals (such as schools and businesses). Airthings launched its business-to-business segment in 2019 as the company expanded into the public sector in offices, schools, and other commercial buildings.

Airthings also works with trade professionals including home inspectors. The company designed its Corentium Pro radon monitoring device specifically for professionals. The Corentium Pro is American Association of Radon Scientists and Technologists- and National Radon Proficiency Program-certified, and it is lightweight, portable, and tamper-resistant. It includes sensors for air pressure, temperature, and humidity. Professionals can conjoin it with Airthings' app to control the monitoring device via Bluetooth Smart, time measurements, and create customized reports.

Dominating Distribution Channels

While Airthings started mostly in Norway, the company has always maintained a global focus. After establishing a significant presence in Norway, Airthings expanded into other European countries and the US, where it now has most of its sales.

The company partners with the largest retailers in North America (Best Buy, Home Depot, Walmart, and Ace Hardware) as well as several large retailers in Europe (e.g., MediaMarkt, Euronics). These partnerships help Airthings to build demand for its products. The company works directly with these partners to build out their categories that include the likes of indoor climate and radon detection. Frost & Sullivan points out that the purchase experience in the air quality monitoring solutions space is quite tedious. Customers do not only buy the first products they see; they research their purchases beforehand, searching for traits such as usability, high-quality, and accessible customer service. In many cases, word-of-mouth is the best form of marketing in this industry; it can have a far greater impact than advertisements. Airthings is aware of this dynamic and the importance of delivering excellent customer experiences through its distribution channels. The company understands that it must not only provide premium, high-quality products but also seamless customer experiences. Its mobile app offers great information that includes tips on how to improve air quality. The company's customer service team proactively sends customers information to ensure they use products correctly and get the most value they can get out of them. This team spans across every time zone so that customer representatives are available to customers at all times. On the business-to-business side, Airthings has a team making direct sales as the company continues building a network of partners around the world to serve them.

Airthings also has a robust online presence. In addition to direct sales through its website, Airthings.com, the company dominates online platforms such as Amazon.com. Airthings' products have thousands upon thousands of positive reviews on these online channels. Anything Airthings-made is very high up in the rankings; therefore, it is difficult for other players to challenge the company's position. Product quality and customer service translate into positive online reviews and recommendations for Airthings, ultimately driving revenue for the business.

Cultivating a Brand

Airthings understands the importance of brand recognition. Building off its first-mover advantage in the radon detection space, the company invests heavily in its brand, partnering with large organizations, such as the American Lung Association (ALA) and the British Lung Foundation, on campaigns to increase awareness about air quality. For example, in 2019, Airthings participated in the ALA's LUNG FORCE walk in Illinois, US, and created its own walk near its Oslo headquarters to raise more than \$4,000. The company matched the amount in a donation to a lung cancer survivor's non-profit organization. Airthings also works with retailers around the world to expand their stores with air quality sections. These activities clearly drive Airthings' brand recognition and increase the company's credibility.

Airthings is also an active thought leader, seeking to build awareness about the negative impacts of poor air quality. While several megatrends (e.g., wildfires and the COVID-19 pandemic) and acts of legislation are driving growth in the industry, Airthings has sought to educate people on topics including volatile organic compounds, particulate matter, and carbon dioxide. The company hosts a blog with topics such as do-it-yourself radon mitigation, humidity in homes, and radon testing. The demand for air quality products is increasing in society. As a thought leader and established market participant, Frost & Sullivan analysts conclude that Airthings is in a prime position to benefit from these trends – all while fulfilling its mission of allowing people to breathe better.

Conclusion

The indoor air quality monitoring space is growing quite rapidly, with increasing awareness among consumers, the pressure to optimize among building managers, and growth opportunities for retailers. Frost & Sullivan recognizes how Airthings has properly tapped into this ripe market, introducing a steady stream of innovative solutions that allow consumers, businesses, and professionals to achieve their goals while improving air quality and helping the world breathe better. Airthings' comprehensive suite of indoor air quality monitoring devices is easy to use and of high quality, earning the company a reputation for true leadership in the industry.

Frost & Sullivan is extremely impressed by the strides Airthings has made and proud to bestow on the company the prestigious 2020 Global Product Leadership Award in the indoor air quality monitoring industry.

What You Need to Know about the Product Leadership Recognition

Frost & Sullivan's Product Leadership Award recognizes the company that offers a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

Best Practices Award Analysis

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Product Portfolio Attributes

Match to Needs: Customer needs directly influence and inspire the product portfolio's design and positioning

Reliability and Quality: Products consistently meet or exceed customer expectations for performance and length of service

Product/Service Value: Products or services offer the best value for the price compared to similar market offerings

Positioning: Products serve a unique, unmet need that competitors cannot easily replicate

Design: Products feature innovative designs, enhancing both visual appeal and ease of use

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create on-going growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

Key Impacts:

- **Growth Pipeline:** Continuous flow of Growth opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

