

A photograph of two men sitting at a dark table in a modern office setting. The man on the left is wearing glasses and a grey button-down shirt, looking at a smartphone. The man on the right is wearing a dark blue shirt and is looking towards the first man. In the background, another person wearing a headset is visible, suggesting a call center or office environment. The lighting is bright and professional.

Conference Call | 2 May 2023

# RTX Q2 2022/23 Presentation

Presentation by  
CEO Peter Røpke  
CFO Morten Axel Petersen

# Disclaimer on Forward Looking Statements

This presentation contains statements regarding expectations for the future development of RTX A/S, in particular the direction of future product development, future revenue, earnings and potential business expansion.

Such statements are subject to risks and uncertainties as various factors, many of which are outside the control of RTX, may cause the actual development and results to differ materially from the expectations expressed directly or indirectly in this presentation.

Such factors that may cause deviations between actual results and expectations include, but are not limited to, general economic conditions and developments including the impact of the COVID-19 pandemic, changes in demand for RTX's products and services, competition, technological changes, fluctuations in currencies, component availability, fluctuations in sub-contractor supplies as well as regulatory changes.



# RTX at a Glance

RTX delivers turnkey, customized wireless communications solutions to globally recognized B2B customers.

Rooted in a unique combination of software and hardware capabilities – our **Wireless Wisdom** – we help customers turn ideas into solutions. We take responsibility and create value throughout the value chain: From conceptualization of ideas, design and development, testing and certification to manufacturing and deliveries of modules and end products to customers.

Our key competences within wireless technology combined with our end-to-end, turnkey offering set us apart and enable us to customize each solution to meet individual requirements and end-user configurations.

Working in long-term partnerships with customers in a well-proven ODM/OEM-model, understanding market needs and trends, and acting as a professional partner are integral parts of how we do business.

## How We Work



**Specification and Design**  
Turning user needs and customer requirements into solutions



**Development and Integration**  
From software and hardware into fully integrated products



**Testing and Certification**  
Ensuring and validating performance



**Production and Supply Chain Management**  
Delivery throughout the entire product life-cycle via certified manufacturers

## Who we are

### Purpose



Our purpose is to help people perform at their best. We provide our customers with the best possible wireless communications solutions, allowing their customers to seamlessly connect and communicate.

### Investment Case



By increasing product sales to large customers, through framework agreements, we aim to increase recurring revenues and strengthen resource scalability.

### Mission



Our mission is to help customers make a difference in their markets. We aim to strengthen our customers' competitiveness by delivering turn-key customized solutions.

### People



Our unique capabilities reside with our 294 dedicated employees in Europe, Asia, and North America.

### Heritage



Our expertise and knowledge in designing and manufacturing short-range digital wireless systems and products has been the backbone of our business for close to 30 years.



# Agenda

1. Business Update
2. Financial Update Q2 2022/23
3. Q&A
4. Appendix: RTX Business Model and Growth Strategy



**Peter Röpke**

President & CEO



**Morten Axel Petersen**

CFO

Business  
Update Q2  
2023/23



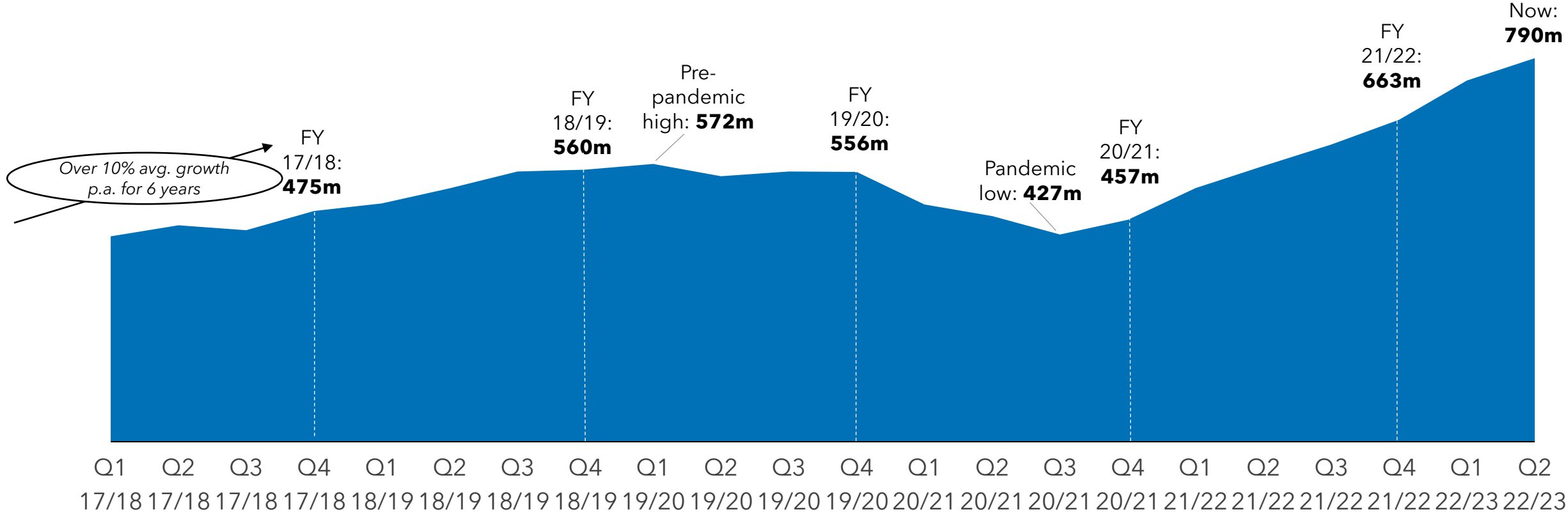
# Revenue Growth in Q2; Mix Impacts Earnings

- **Q2 revenue** in 2022/23 with solid growth of 34% (29% FX corrected) compared to last year with strong demand the Enterprise and ProAudio segments. H1 revenue with significant growth of 49%.
- Supply chain issues from **electronics component scarcity** had a net neutral effect on deliveries and revenue in the quarter (and a positive effect in H1). The component availability situation was stable in the quarter, but component prices remain high.
- **Enterprise revenue** grew 38% in Q2. Growth is driven by the large framework agreement customers. During Q2, RTX started deliveries of a product based on RTX wireless headset platform to an existing large framework agreement customer.
- **ProAudio revenue** with strong growth of 50% over Q2 last year driven by growth in product sales of RTX's product platforms and associated modules and of products related to live events.
- **Healthcare revenue** decreased by 23% in Q2 due to the changeover to a next generation product also to be supplied to RTX and therefore cautious customer purchasing of the current product prior to the changeover. Flat revenue in H1 compared to last year.
- **Gross margin** 8.7 %-points lower in Q2 compared to last year (3.5 %-points lower in H1). Negatively impacted by the lower share of revenue from engineering services and royalty (as growth is driven by product sales), by the product mix realized and by customer payments for extraordinary component costs (at roughly zero margin for RTX). The consequences of the period with electronics component shortages affect customer inventory levels and demand patterns which impacts product mix.
- **Outlook** for 2022/23 maintained. The macroeconomic volatility is expected to impact demand and inventory replenishments in the second half of the year. The USD exchange rate level and development is an uncertainty factor for the year.



# Strong Growth Temporarily Halted by the Pandemic, but 12m Trailing (LTM) Revenue now Returned to Long-Term Growth Track

12m trailing RTX revenue (DKK million, 12m rolling)



# Outlook 2022/23 Maintained

DKK million	Result 2019/20	Result 2020/21	Result 2021/22	Outlook 2022/23
Revenue	555.9	457.2	663.3	700 - 760
EBITDA	108.2	37.3	85.4	85 - 105
EBIT	83.6	6.1	45.6	45 - 65

The outlook for 2022/23 is based on a strong order book going into the year and on an expectation of a partial normalization of the global electronics component shortages during the year. The main uncertainty for the year is the impact of macroeconomic volatility and potential recessions on customer demand and inventory replenishment.

The outlook assumes that the macroeconomic uncertainty for 2022/23 will have some, but limited, impact on customer demand in the year. It further assumes improved availability of components with a partial normalization of the global component shortages and that possible COVID-19 lockdowns do not have a material impact on demand or supply. Component and logistic costs are not expected to increase further and the level of spot buys for securing components is expected to decline. The revenue mix will continue to shift towards product sales which in turn impacts gross margin. The USD/DKK exchange rate is expected to be at the level from mid-November 2022. For a more complete list of assumptions, refer to pages 20-21 of the Annual Report 2021/22.

As opposed to recent years, the revenue and earnings distribution over 2022/23 is not expected to be backloaded.





# Financial Update Q2 2022/23

# Financial Highlights Q2 and H1 2022/23

REVENUE Q2

DKK **180**

EBITDA Q2

DKK **8**

EBIT Q2

DKK **-2**m

EBITDA-MARGIN Q2

**4.3%**

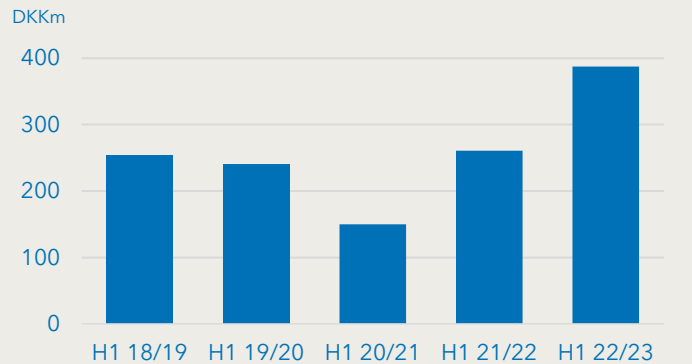
CFFO Q2

DKK **15**m

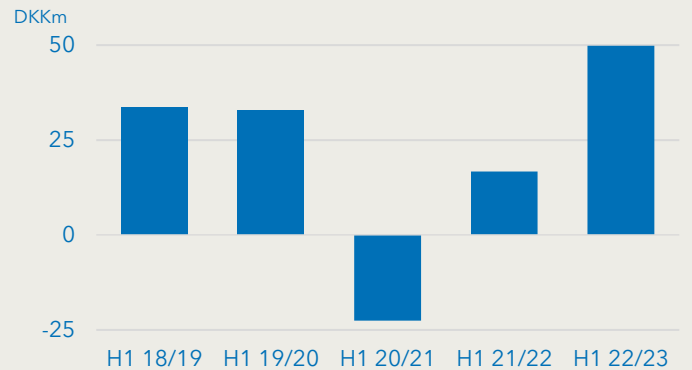
EQUITY RATIO

**63%**

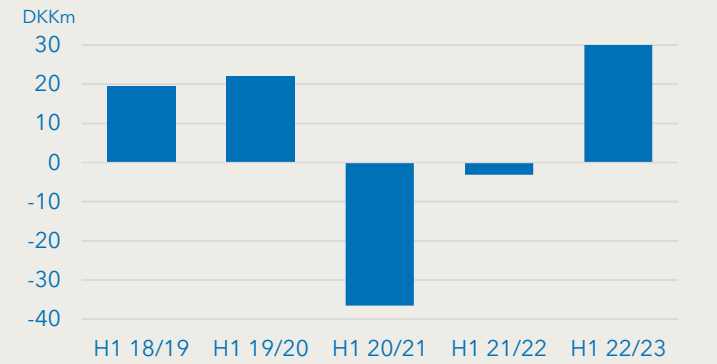
## REVENUE H1



## EBITDA H1



## EBIT H1



ENTERPRISE REVENUE Q2

DKK **116**m

PROAUDIO REVENUE Q2

DKK **53**m

HEALTHCARE REVENUE Q2

DKK **12**m

# Group P&L Q2 and H1 2022/23

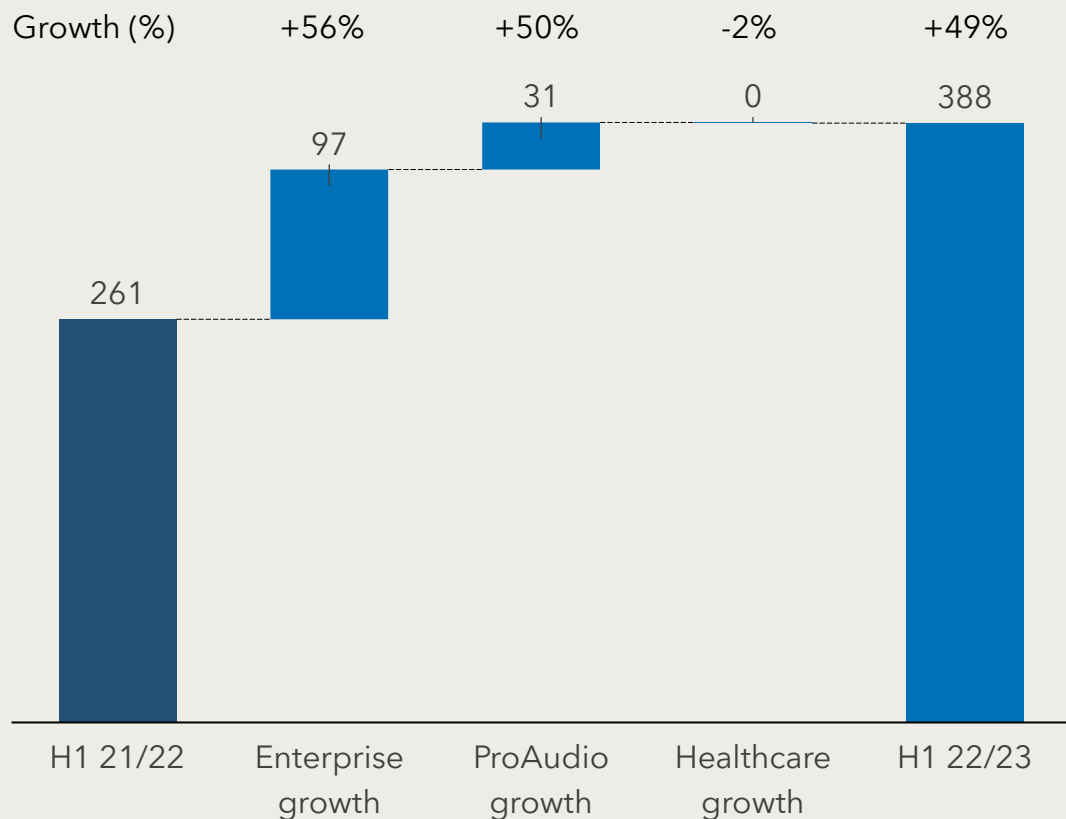
DKK million	Q2 22/23	Q2 21/22	H1 22/23	H1 21/22
<b>Revenue</b>	<b>180.0</b>	<b>134.3</b>	<b>387.5</b>	<b>260.7</b>
Cost of sale	-105.8	-67.2	-211.9	-133.3
Gross profit	74.2	67.0	175.6	127.4
Gross margin %	41.2%	49.9%	45.3%	48.9%
Other external cost	-18.0	-15.3	-34.3	-31.7
Staff cost	-51.6	-45.1	-97.8	-86.5
Value of own work capitalized	3.2	5.1	6.6	7.6
<b>EBITDA</b>	<b>7.8</b>	<b>11.7</b>	<b>49.8</b>	<b>16.7</b>
Depreciation, amortization and impairment	-9.7	-10.0	-19.4	-19.8
<b>Operating Profit (EBIT)</b>	<b>-1.9</b>	<b>1.7</b>	<b>30.4</b>	<b>-3.1</b>

- **Revenue** growth of 34% in Q2 and 49% in H1 driven by strong Enterprise and ProAudio demand. In Q2, the supply situation with component scarcity in the global electronics industry was stable with some constraints but partially normalized and therefore the supply situation has a net neutral effect on revenue in Q2 (a net positive effect of approx. DKK 30 million in H1). In Q2, **Enterprise revenue** growth of 38%, **ProAudio revenue** grew by 50% while **Healthcare revenue** decreased by 23% while in H1, Enterprise revenue increased by 56%, ProAudio revenue increased by 50% while Healthcare revenue decreased by 2%.
- FX corrected revenue growth of 29% in Q2 as the USD FX rate has been stronger on average compared to last year - however, the USD has generally been weakening during the current financial year.
- **Gross margin** in Q1 decreased by 8.7 %-points over last year. Negatively impacted by the lower share of revenue from engineering services and royalty (as growth is driven by product sales), by the product mix realized and by customer payments for extraordinary component costs (at roughly zero margin for RTX). In H1, the gross margin decreased by 3.5 %-points compared to last year where the product mix had a more neutral effect (due to positive effect in Q1), but the share of revenue from engineering services and royalty as well as customer payments for extraordinary component costs did impact the gross margin.
- **Capacity costs** are 15% above last year due to the growth in the number of FTEs towards the end of last financial year, 2023 salary regulation and increased travel and trade show activity.
- **Earnings** in Q2 were slightly lower than last year due to lower gross margin and higher capacity costs. However, in H1 earnings were significantly above last year.

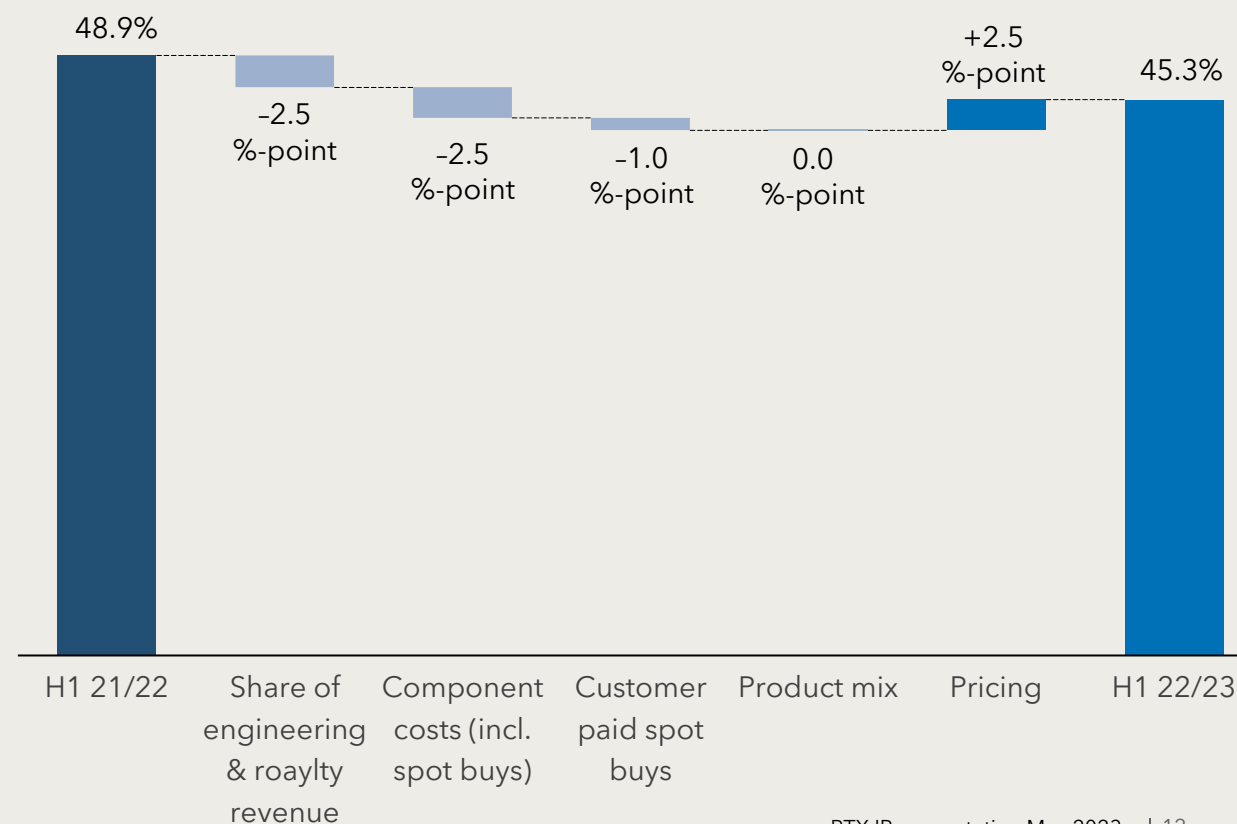
# Enterprise and ProAudio Drive H1 Growth, while Gross Margin impacted by Revenue Mix and Customer Paid Spot Buys

Product mix impacts Q1 gross margin positively, but Q2 gross margin negatively

Revenue H1 22/23 vs. last year (DKK million)



Gross Margin H1 22/23 vs. last year (%)





# Group Balance Sheet

DKK million	31 Mar 2023	31 Mar 2022	30 Sep 2022
<b>Assets</b>			
Intangible assets	60.3	65.0	63.4
Tangible assets	86.2	85.7	87.0
Other non-current assets	8.6	8.7	9.0
Inventories	112.7	56.6	102.5
Receivables	182.9	137.5	221.2
Cash and cash equivalents	96.3	118.3	73.8
<b>Total assets</b>	<b>547.0</b>	<b>471.7</b>	<b>556.8</b>
<b>Liabilities</b>			
Equity	346.5	286.8	331.6
Non-current liabilities	68.8	72.1	71.5
Current liabilities	131.7	112.9	153.7
<b>Total equity and liabilities</b>	<b>547.0</b>	<b>471.7</b>	<b>556.8</b>
Equity ratio	63.3%	60.8%	59.6%

- **Inventories** have increased significantly compared to last year but have started to decrease during the quarter. They are at a high level, but with the gradual stabilization of electronics component supply markets, work is ongoing to decrease the component buffer stocks – however, this is a gradual process as current deliveries of components are for orders placed a long time ago (long lead times).
- **Receivables** increased compared to Q2 last year due to the higher sales than last year.
- **Cash and cash equivalents** decreased since last year positively impacted by the cash flow generated by earnings over the past year and negatively impacted by increased working capital as well as investments over the past 12 months. Has increased during 2022/23 with earnings generated with improved working capital.
- **Equity** increased compared to Q2 last year due to the earnings over the past 12 months.
- **Current liabilities** increased compared to last year due to the increased activity level.
- Solid **equity ratio** of 63.3%.

# Group Cash Flow H1 2022/23

DKK million	H1 22/23	H1 21/22
Cash flow from operations (CFFO)	36.6	20.9
Cash flow from investments	-15.1	-15.5
Cash flow from financing activities	-3.3	-2.7
<b>Change in cash</b>	<b>14.8</b>	<b>2.6</b>

- Positive **cash flow from operations (CFFO)** of DKK 36.6 million in H1 2022/23 higher than last year (DKK 20.9 million). Positively impacted by the higher earnings and by the working capital development compared to last year.
- **Cash flow from investments** of DKK -15.1 million in H1 2022/23 on par with DKK -15.5 million in H1 last year.
- **Cash flow from financing activities** in H1 of DKK -3.3 million on par with DKK -2.7 million H1 last year.

Q&A Session



# Appendix: RTX Business Model and Growth Strategy





# RTX Growth Strategy

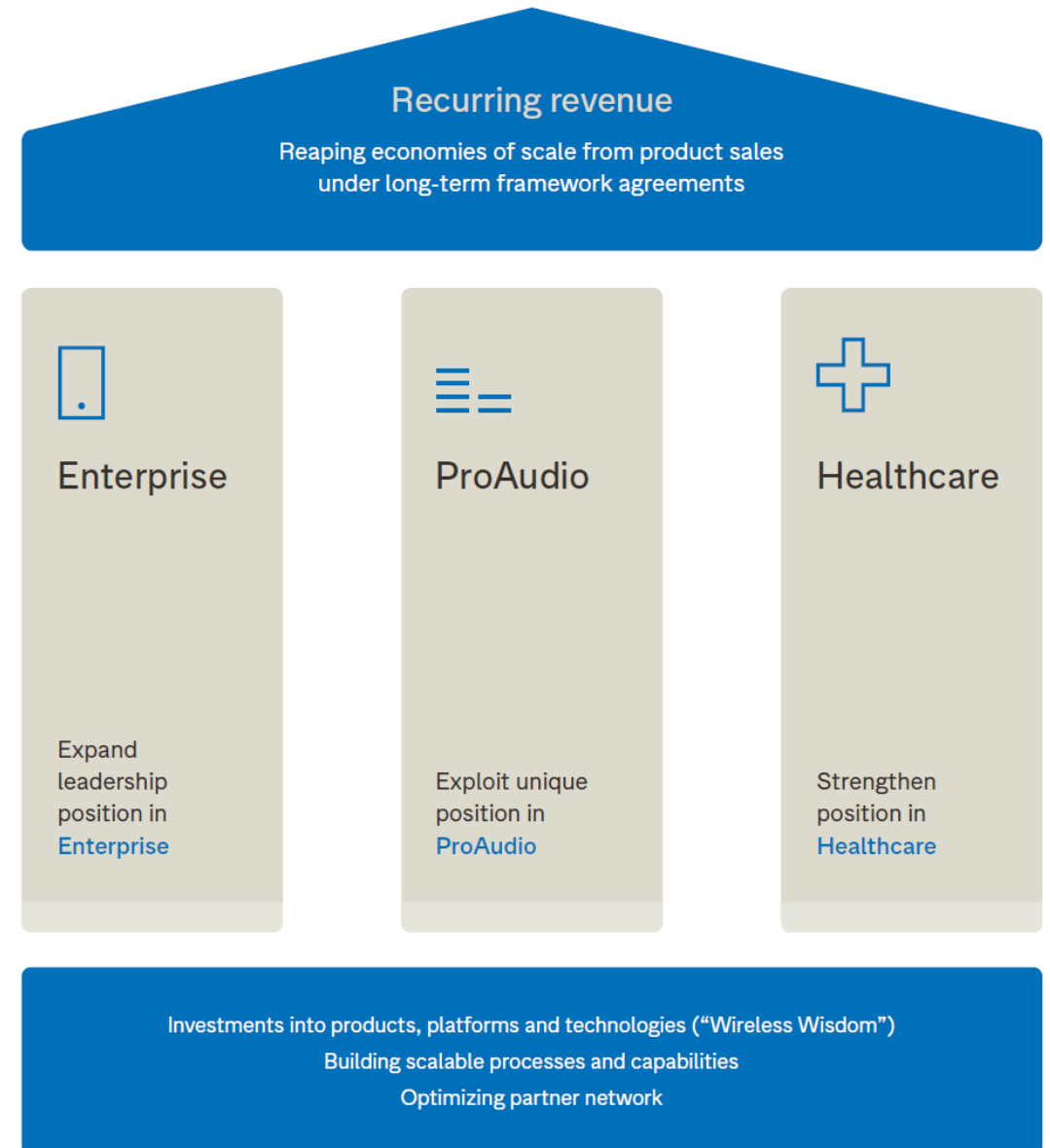
Deploying our *Wireless Wisdom* across multiple attractive B2B markets in an ODM/OEM model to secure profitable growth via increased recurring revenue and scalability.

RTX continues to target long-term profitable growth, as we deploy our wireless capabilities to generate recurring revenue from long-term framework agreements with globally recognized B2B customers in three attractive market segments: Enterprise, ProAudio and Healthcare.

Across segments, we will continuously invest into products and product platforms, both together with customers and through strategic investments funded by RTX. We aim at developing products with a long lifecycle to exploit the full potential in current long-term framework agreements as well as entering into new customer agreements. Ramping up existing long-term framework agreements will be an important growth driver.

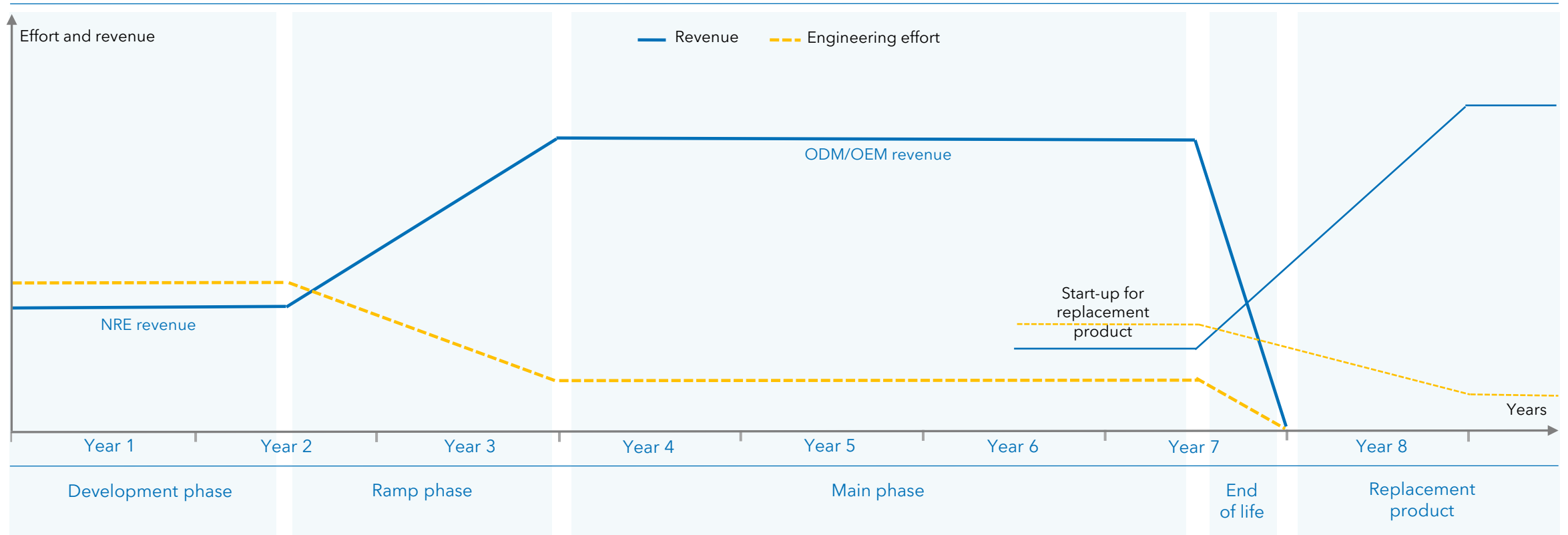
We will build on our uniform business model and go-to-market approach to further reap economies of scale. Focus will be on establishing robust and scalable processes across RTX as well as consolidating our technological capabilities and continuously upgrade these.

Finally, we will continue to optimize our supplier network and strengthen the value chain to further capitalize on our growth.



# ODM Model Operated via Framework Agreements with High “Stickiness” of Recurring Revenue

Illustrative RTX Business Case by Product Life Cycle - for one combination of product and customer

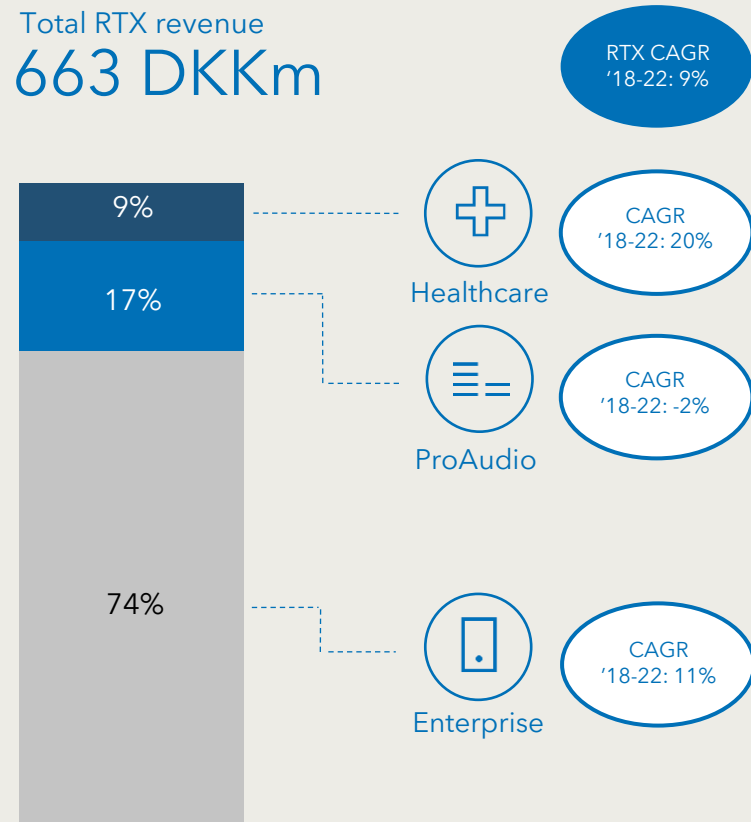


# Who We Work With (examples)



# Strategy in our Target Markets

RTX Today: Revenue by Target Market Segment 2021/22



RTX Growth Strategy towards 2024/25

## Strengthen position in **Healthcare**

- Grow existing centralized CPM<sup>1</sup> business: Expanding share of value chain via broadened portfolio and increased production of sub-assemblies and infrastructure
- Expand into decentralized CPM<sup>1</sup>

## Utilize unique position in **ProAudio**

- Lead the transition to digital wireless in professional audio markets
- Drive recurring revenue by refining and productizing our existing technology base into flexible product platforms (e.g., Sheerlink™ and TeamEngage™) with dedicated RTX modules and select full product custom ODM/OEM

## Expand leadership in **Enterprise**

- Continue to gain market share and drive market consolidation by growing recurring revenue from long-term customer agreements via pure play ODM/OEM model
- Utilize system integration as competitive advantage (supported by our cloud-based deployment and device management tools) and increase share-of-wallet by expanding our system offering with selected product adjacencies, such as B2B headsets, cloud-based tools etc.

<sup>1</sup> Continuous patient monitoring (CPM).



# Long-Term Financial Ambitions by 2023/24

The growth strategy of RTX is expected to lead to continued profitable growth and RTX confirms our long-term financial ambitions for the financial year 2023/24.



Organic revenue growth

**Revenue > 800 mDKK  
in 2023/24**

Based on the strategy of deploying RTX’s “wireless wisdom” in selected B2B target markets for growth via recurring revenue and based on execution of existing and newer framework agreements, it is the ambition of RTX to grow revenues organically to reach at least DKK 800 million in the financial year 2023/24. This corresponds to an average annual growth rate of at least 10% from the DKK 663 million realized in 2021/22.



Profitability

**EBITDA >145 mDKK  
in 2023/24**

Given the long-term revenue growth ambitions and given the leverage effect of increased recurring revenue on the scalability of human resources and other costs, it is the ambition of RTX to reach EBITDA of at least DKK 145 million in 2023/24. To realize the ambition a full or partial normalization of component costs will be necessary compared to higher than usual level in 2021/22. If such a normalization should not occur, a higher revenue will be needed to realize the earnings ambition

## Assumptions

The long-term financial ambitions are based on constant currencies with the ambitions being especially sensitive to the USD/DKK exchange rate. They are also based on the current macroeconomic and political climate, where major development may impact the ambitions. Specifically, it is expected that potential recessions do not have a large impact on customer demand in 2023/24 and that COVID-19 and the resulting global economic consequences will have no material effect on demand and supply in 2023/24. Further, it is expected that the global component shortages and supply chain and logistic impediments will normalize at least before 2023/24. The ambitions are also based on component cost returning to their long-term trend lines (i.e., that the increased costs seen on certain components normalize before 2023/24).

# Thank you for your attention

For further information, please contact CEO Peter Røpke  
or CFO Morten Axel Petersen at +45 9632 2300