

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 towards the man on the right. The man on the right is wearing a dark blue shirt and is looking back at 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 even.

Conference Call | 27 January 2023

# RTX Q1 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 Q1 2022/23
3. Q&A
4. Appendix: RTX Business Model and Growth Strategy



**Peter Röpke**

President & CEO



**Morten Axel Petersen**

CFO

Business  
Update Q1  
2023/23



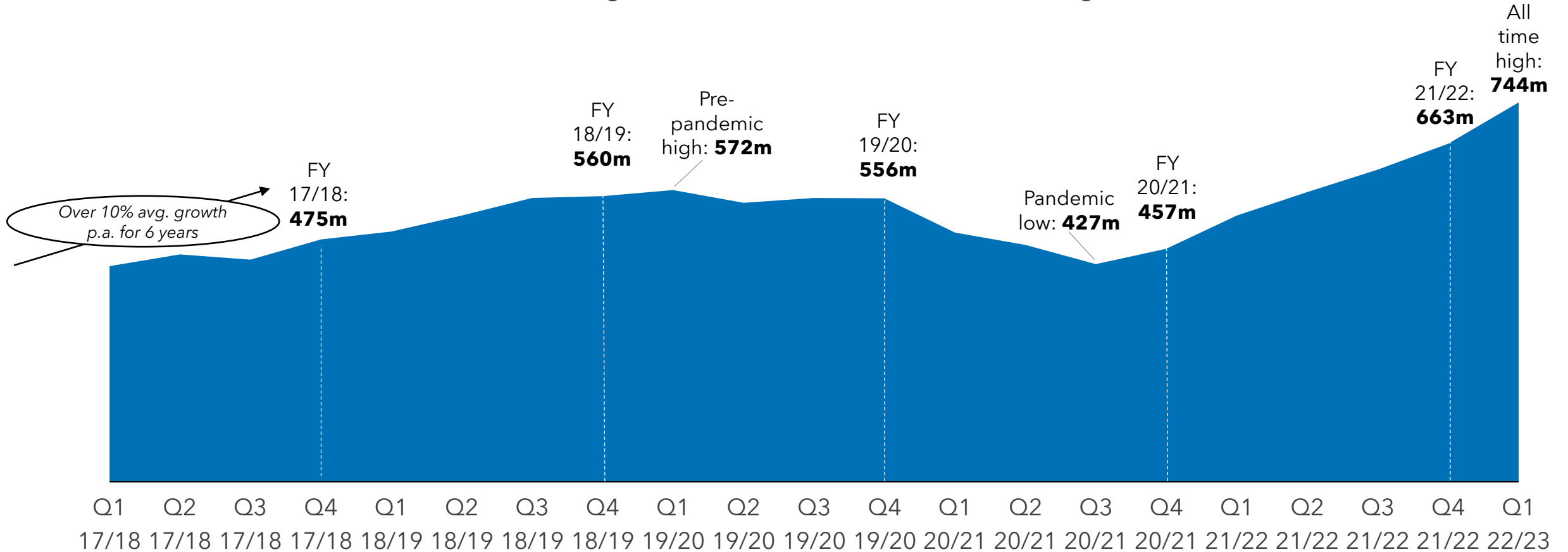
# Strong Revenue and Earnings Growth in RTX Q1 2022/23

- **Q1 revenue** in 2022/23 with significant growth of 64% (48% FX corrected) compared to last year with strong demand in all segments and aided by continued improvement in the availability of electronics components.
- **Supply chain** issues from electronics component scarcity continues to impact deliveries and revenue but improved for the second quarter in a row. Such supply chain issues has shifted approx. DKK ~35 million of revenue from Q1 into Q2 - a net improvement of DKK ~30 million from the DKK ~65 million shifted from Q4 2021/22 to Q1 2022/23 (i.e. a net positive impact of DKK ~30 million in Q1).
- **Enterprise revenue** with strong growth of 72% in Q1. Strong demand broadly in the segment - especially for the large framework agreement customers.
- **ProAudio revenue** grew by 51% over Q1 last year with strong growth in product sales of RTX's product platforms and associated modules and of products related to live events.
- **Healthcare revenue** increased by 28% in Q1 with solid growth in product sales of both full ODM products and modules.
- **Gross margin** 1.2 %-points higher in Q1 compared to last year. Positively impacted by the product mix realized (also given the component availability improvement). Negatively impacted by the lower share of revenue from engineering services and royalty (as growth is driven by product sales) and by customer payments for extraordinary component costs (at roughly zero margin for RTX).
- The revenue growth yields significant **earnings** growth with EBITDA of DKK 42 million and an EBITDA margin of 20.2%.
- **Outlook** for 2022/23 maintained. Main uncertainty for the year is impact of macroeconomic volatility on demand and inventory replenishments towards the end of the financial year. USD development a further uncertainty.



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

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



# Outlook 2022/23 Maintained with Strong Start to the Financial Year

Main Uncertainties are Demand and Inventory Replenishment given Potential Recessions and USD:DKK Level

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 while the macroeconomic uncertainty for 2022/23 may have some impact on customer demand in the year, this impact is expected to be limited. 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 (as the normalization of the component situation is expected to continue in the first part of 2022/23).





# Financial Update Q1 2022/23

# Financial Highlights Q1 2022/23

REVENUE

DKK **208**

EBITDA

DKK **42**

EBIT

DKK **32**<sub>m</sub>

EBITDA-MARGIN

**20.2%**

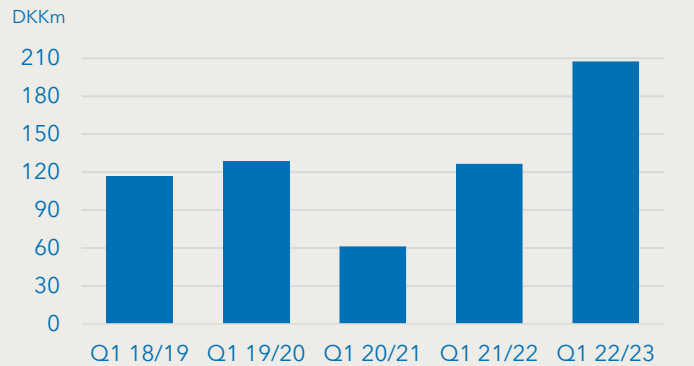
CFFO

DKK **22**<sub>m</sub>

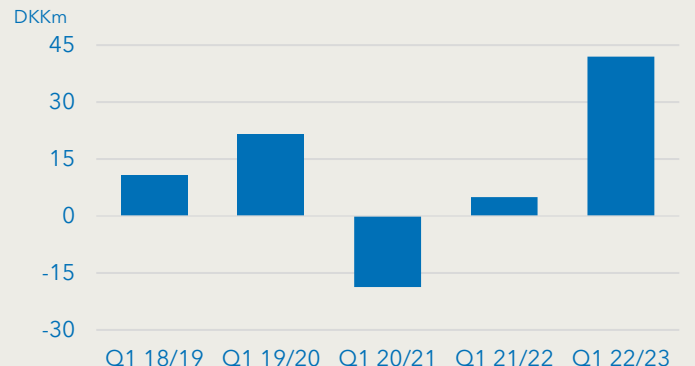
EQUITY RATIO

**63%**

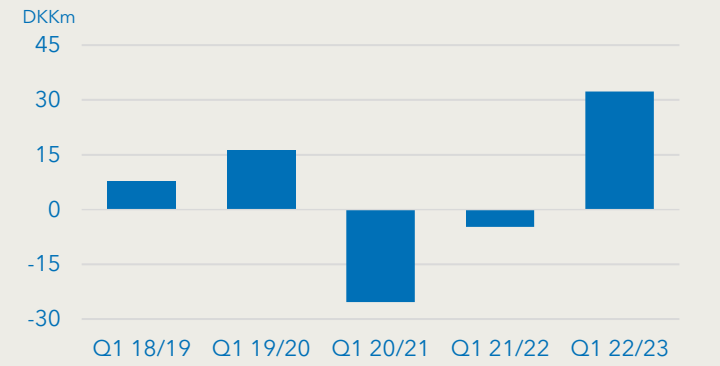
## REVENUE



## EBITDA



## EBIT



ENTERPRISE REVENUE

DKK **155**<sub>m</sub>

PROAUDIO REVENUE

DKK **39**<sub>m</sub>

HEALTHCARE REVENUE

DKK **14**<sub>m</sub>

# Group P&L Q1 2022/23

DKK million	Q1 22/23	Q1 21/22
<b>Revenue</b>	<b>207.5</b>	<b>126.4</b>
Cost of sale	-106.0	-66.1
Gross profit	101.5	60.3
Gross margin %	48.9%	47.7%
Other external cost	-16.4	-16.4
Staff cost	-46.4	-41.4
Value of own work capitalized	3.4	2.5
<b>EBITDA</b>	<b>42.0</b>	<b>5.0</b>
Depreciation, amortization and impairment	-9.7	-9.7
<b>Operating Profit (EBIT)</b>	<b>32.3</b>	<b>-4.8</b>

- **Revenue** growth of 64% in Q1 with strong demand growth in all segments and aided by continued improvement in the availability of components. In Q1, **Enterprise revenue** growth of 72%, **ProAudio revenue** grew by 51% and **Healthcare revenue** increased by 28%. Component scarcity and other supply chain impediments have continued to impact deliveries and thus revenue, but the situation improved in the quarter and thereby had a net positive impact of DKK ~30 million in the quarter (with DKK ~65 million of deliveries and revenue postponed into Q1 from Q4 last year and DKK ~35 million postponed from Q1 into Q2).
- FX corrected revenue growth of 48% in Q1 as the USD FX rate has been stronger on average compared to last year - however, the USD has been weakening during the quarter.
- **Gross margin** in Q1 increased by 1.2 %-points over last year. Positively impacted by the product mix realized (also given the component availability improvement). Negatively impacted by the lower share of revenue from engineering services and royalty (as growth is driven by product sales) and by customer payments for extraordinary component costs (at roughly zero margin for RTX).
- **Capacity costs** are 9% above last year due to the growth in the number of FTEs towards the end of last financial year. **Capitalized own development work** slightly higher than last year (which was impacted by slower start-up on certain new projects)
- **Earnings** increased significantly compared to last year primarily due to the higher revenue level and secondarily due to the increase in gross margin.

# Group Balance Sheet

DKK million	31 Dec 2022	31 Dec 2021	30 Sep 2022
<b>Assets</b>			
Intangible assets	61.8	66.0	63.4
Tangible assets	85.3	84.7	87.0
Other non-current assets	8.7	8.4	9.0
Inventories	117.6	45.6	102.5
Receivables	192.9	142.1	221.2
Cash and cash equivalents	91.5	128.6	73.8
<b>Total assets</b>	<b>556.8</b>	<b>475.3</b>	<b>556.8</b>
<b>Liabilities</b>			
Equity	349.2	287.6	331.6
Non-current liabilities	70.5	73.8	71.5
Current liabilities	137.1	113.9	153.7
<b>Total equity and liabilities</b>	<b>556.8</b>	<b>475.3</b>	<b>556.8</b>
Equity ratio	62.7%	60.5%	59.6%

- **Inventories** increased significantly compared to last year (and also increased somewhat compared to the previous quarter) and are at a high level. Compared to last year, the development is driven by higher level of finished goods in transit towards customers and by increased buffer stocks on certain key components where possible.
- **Receivables** increased compared to Q1 last year due to 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. Increased since Q4 2021/22 with strong earnings and roughly flat working capital.
- **Equity** increased compared to Q1 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 62.7%.

# Group Cash Flow Q1 2022/23

DKK million	Q1 22/23	Q1 21/22
Cash flow from operations (CFFO)	22.1	14.3
Cash flow from investments	-6.0	-4.9
Cash flow from financing activities	-1.4	-1.4
<b>Change in cash</b>	<b>14.8</b>	<b>8.1</b>

- Positive **cash flow from operations (CFFO)** of DKK 22.1 million in Q1 2022/23 higher than last year (DKK 14.3 million). Positively impacted by the higher earnings and negatively impacted by the working capital development compared to last year given the inventory level and the timing of sales and production in the quarter.
- **Cash flow from investments** of DKK -6.0 million in Q1 2022/23 compared to -4.9 million in Q1 last year with a slightly higher activity level regarding own capitalized development projects (last year impacted by slow start-up of certain new projects).
- **Cash flow from financing activities** in Q1 of DKK -1.4 million on par with Q1 last year.

Q&A Session



# Appendix: RTX Business Model and Growth Strategy



# RTX Growth Strategy

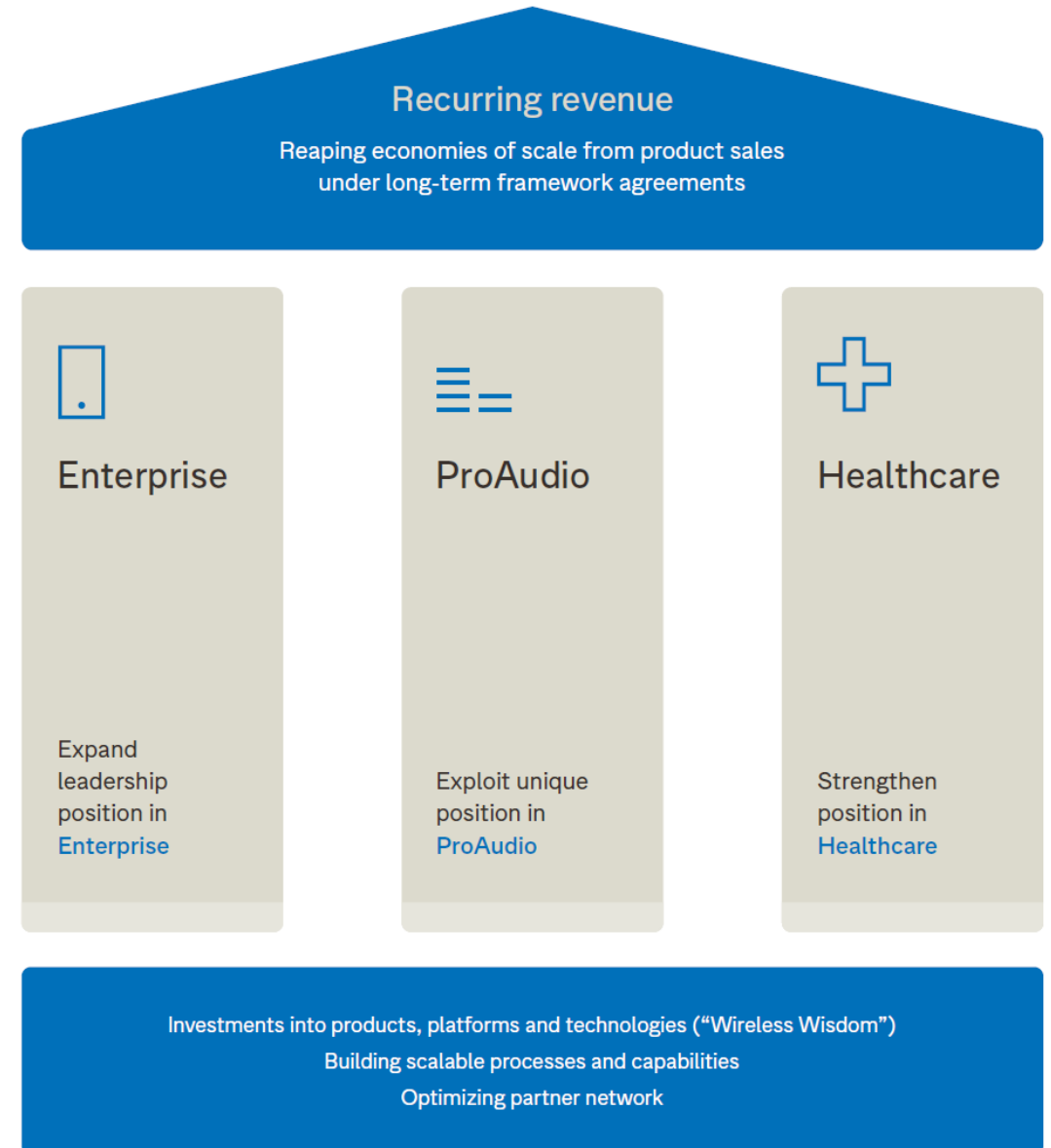
Deploying our *Wireless Wisdom* across multiple attractive B2B markets in an ODM/OEM model to secure profitable growth via increased recurring revenue and scalability.

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.

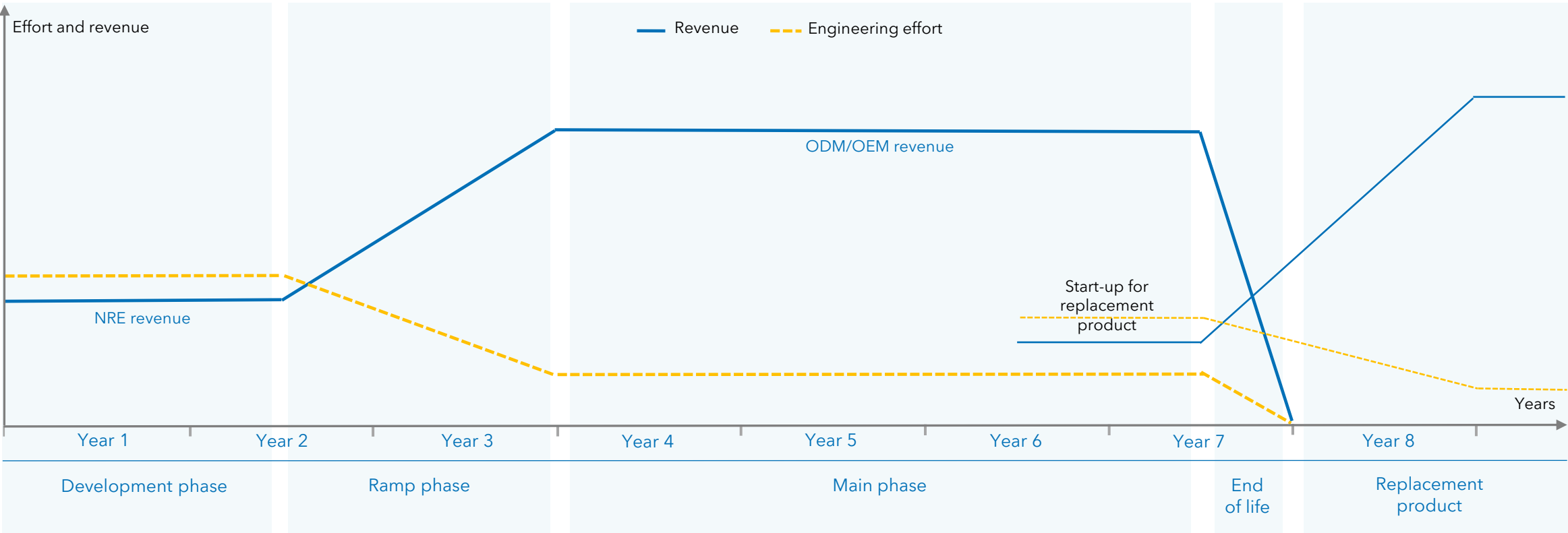
Finally, we will continue to optimize our supplier network and strengthen the value chain to further capitalize on our growth.





# 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

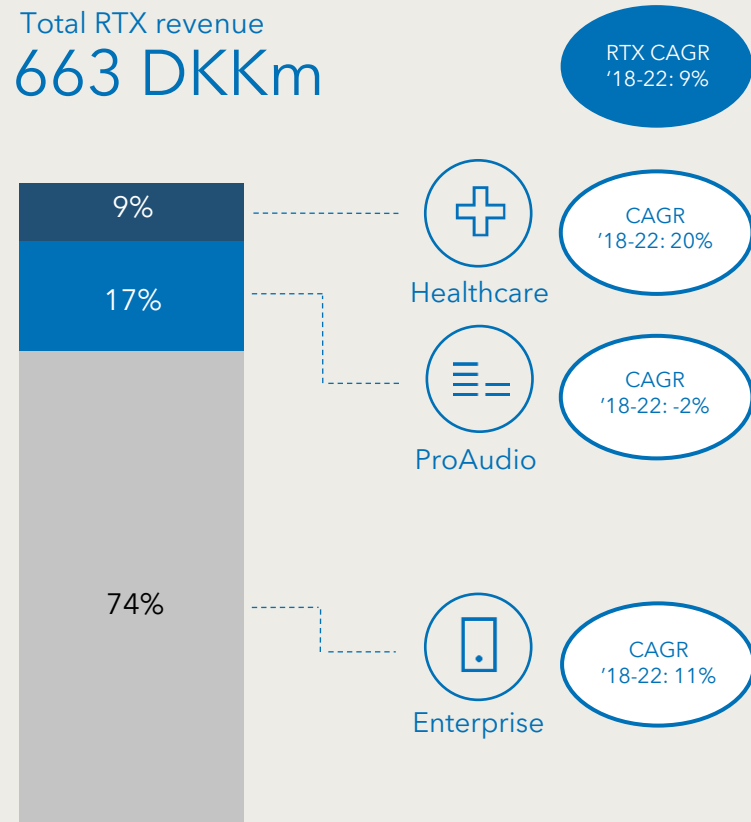


# Who We Work With (examples)



# 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