



Conference call | 28 January 2022

# RTX Q1 2021/22 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.



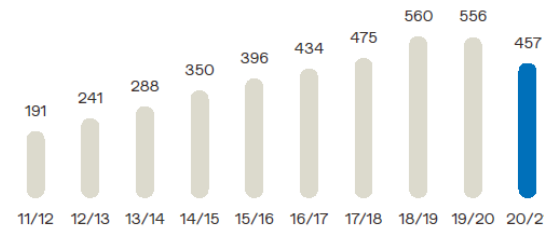
# RTX at a Glance

RTX is a company with global reach and +25 years of extensive experience and knowledge in designing and manufacturing advanced wireless short-range radio systems and products. Our heritage has provided us with a unique combination of software and hardware capabilities, which RTX leverages with globally recognized customers from conceptualization to finished products and modules.

Our business model and strategy for profitable growth builds on these unique core capabilities – our Wireless Wisdom – which we deploy across multiple attractive B2B target markets via an ODM/OEM model. This model secures recurring revenue and increased resource scalability. Our target markets include Enterprise, ProAudio and Healthcare

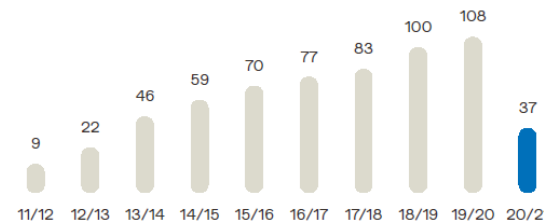
## 10-year revenue

DKK million



## 10-year EBITDA

DKK million



## Who we are



### People

Our unique capabilities reside with our employees. We have 280 dedicated employees in Europe, Asia and North America making a difference every day.



### Purpose

Wireless communication is an integral part of all our lives. It seamlessly helps us connect and communicate. Our purpose is to help people perform at their best by providing our customers with the best possible wireless communication solutions.



### Values

Commitment – to build long-term relationships  
Ingenuity – to create the best solution for each customer  
Openness – to build trust and act with efficiency.

# Agenda

1. Business Update
2. Financial Update Q1 2021/22
3. Recap: RTX Business Model and Growth Strategy
4. Q&A



**Peter Røpke**

President & CEO



**Morten Axel Petersen**

CFO

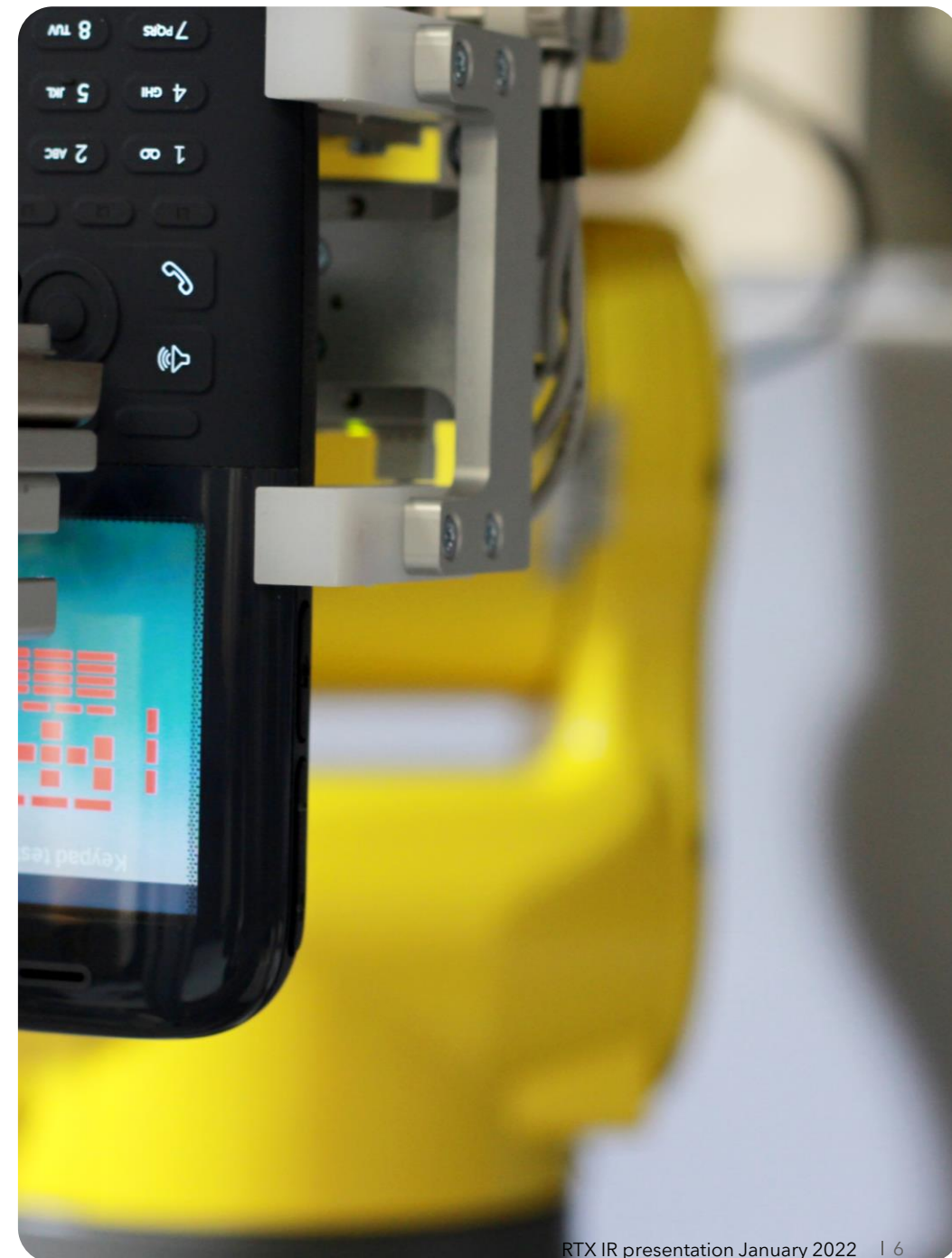


# Business Update Q1 2021/22



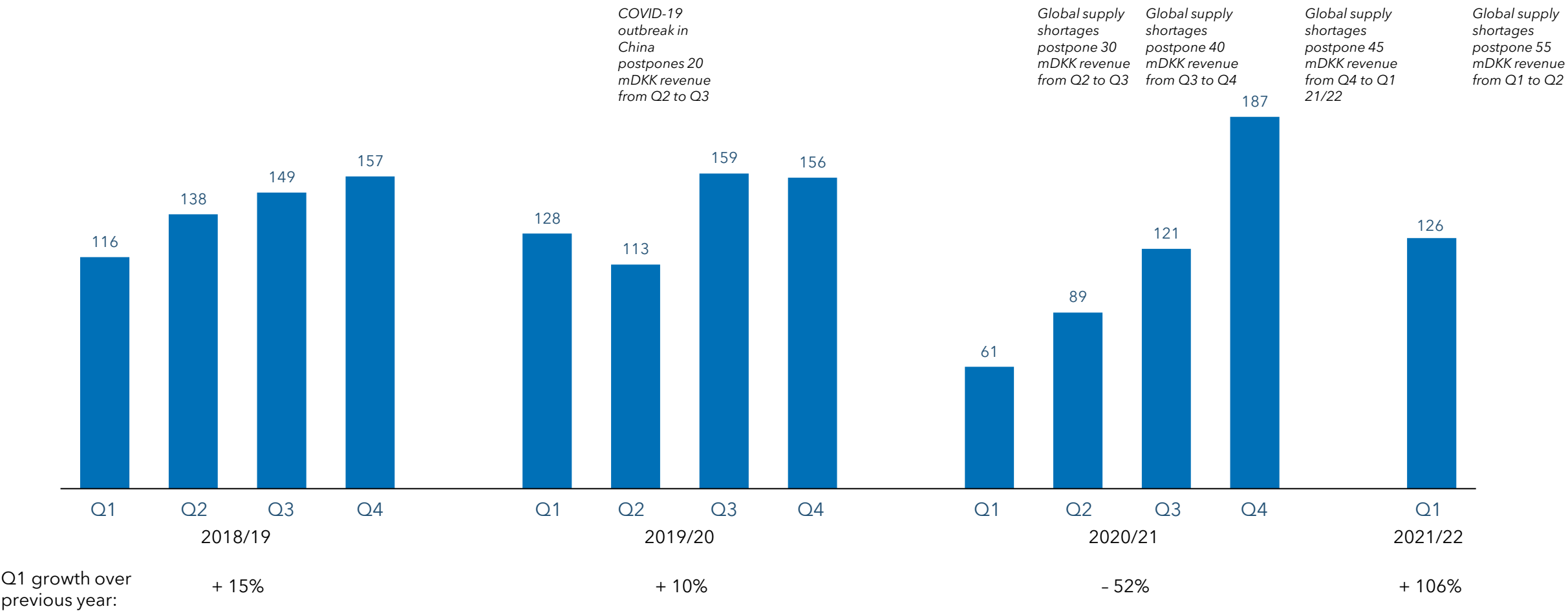
# Q1 2021/22: Strong Growth as Demand Continue to Normalize

- **Q1 revenue** in 2021/22 with significant growth compared to last year as customer demand continues to normalize and is back at pre-COVID levels. Revenue more than doubled compared to last year.
- **Supply chain** issues from electronics component scarcity and disruptions to global logistic chains continue to challenge deliveries and has thus shifted approx. DKK ~55 million of revenue from Q1 into Q2 (net impact of DKK ~10 million in Q1 as DKK 45 million shifted from Q4 20/21 to Q1 21/22).
- **Enterprise revenue** growing strongly in Q1 with no COVID-19 impact on demand. Growth seen broadly in the segment – especially for the large framework agreement customers. Revenue impacted by component shortages.
- **ProAudio revenue** with solid growth in Q1. The COVID-19 impact on demand has decreased but is still impacting parts of the segment dependent on live events. Recurring revenue from product sales and royalty increased over last year due to an increase in demand for RTX's product platforms in line with the segment strategy. Revenue from engineering services decreased in Q1 also in line with the productization strategy.
- **Healthcare revenue** growing significantly in Q1 with higher volumes of the full ODM products supplied by RTX.
- **Gross margin** decreased compared to last year due to lower share of revenue from engineering services and due to higher component costs with the scarcity in the global electronics industry which also leads to higher costs when securing components in the spot buy market .
- Continued focus on **cost management** and resource utilization across the RTX organization while maintaining the core FTE base to be prepared to benefit from the growth opportunities in our business model.



# Revenue Rebound Continue in Q1 2021/22 with Strong Growth over Last Year

Revenue by quarter (DKK million)



# For the Remainder of 2021/22, Demand Visibility is Very Good but Component Uncertainty Remains



## Going into 2021/22

High customer activity level and demand for 2021/22

Very strong order book for 2021/22 - driven by high customer activity level and the global "battle" to secure components

- I.e., demand-wise good visibility for 2021/22

Strong customer forecasts in addition to order book

Strong momentum in new business opportunities, especially with existing customers

## Q1 update

*Continued strong conversion of forecasts into order book - strong demand for 2021/22 confirmed.*



## Going into 2021/22

Uncertainty related to component deliveries, especially semiconductors - not yet commitments from key suppliers for full year 2021/22

Higher than usual supply chain uncertainty - global logistic impediments, electricity scarcity etc.

Increasing component costs

Uncertainty associated with any new COVID-19 waves, lockdowns etc.

## Q1 update

*Component situation remains uncertain and difficult for 2021/22 mainly short-term commitments.*

*Spot-buys becoming more expensive, further impacting costs of components.*

*COVID uncertainty may be decreasing.*



# Outlook 2021/22 Maintained

DKK million	Result 2018/19	Result 2019/20	Result 2020/21	Outlook 2021/22
Revenue	560.3	555.9	457.2	Above 520
EBITDA	100.2	108.2	37.3	Above 50
EBIT	86.7	83.6	6.1	Above 10

The order book for 2021/22 is very strong and thus the demand for RTX's products provides a strong visibility for the year. Until now there has not been any negative impact on demand for 2021/22 from new COVID-19 waves. However, the global component shortage – especially related to semiconductors and other electronic components – continues to create uncertainty for the financial year. The component shortage situation and other supply chain impediments appear to continue throughout 2022. Also, the increasing component prices – including also increasing costs for securing components in the spot buy market or other channels – creates added uncertainty for the year. RTX is exposed to US dollar fluctuations as a considerable part of revenues is settled in US dollars. For a full list of assumptions behind the outlook, refer to the annual report for 2020/21 (pages 22-23).

As stated in the annual report, uncertainty for the financial year remains higher than normal especially due to the component situation.

As in prior years, the revenue and earnings distribution over the financial year is expected to be backloaded towards the second half of the year.

# Financial Update Q1 2021/22



# Financial Highlights Q1 2021/22

REVENUE

DKK **126**

EBITDA

DKK **5**<sub>m</sub>

EBIT

DKK **-5**<sub>m</sub>

EBITDA-MARGIN

**4.0%**

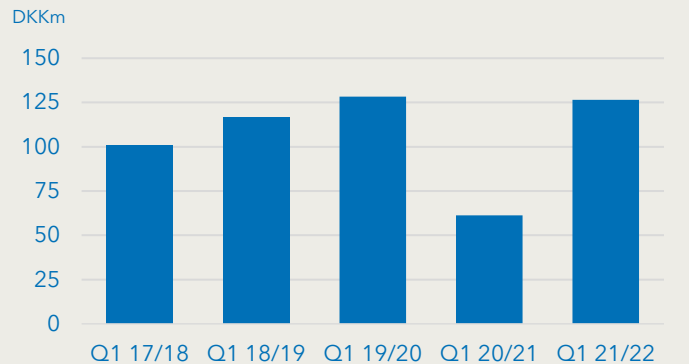
CFFO

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

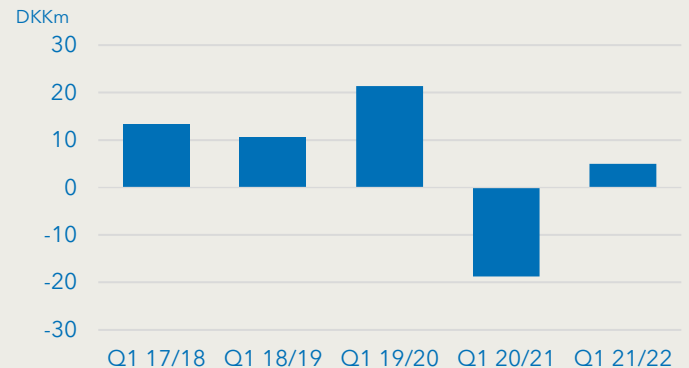
EQUITY RATIO

**61%**

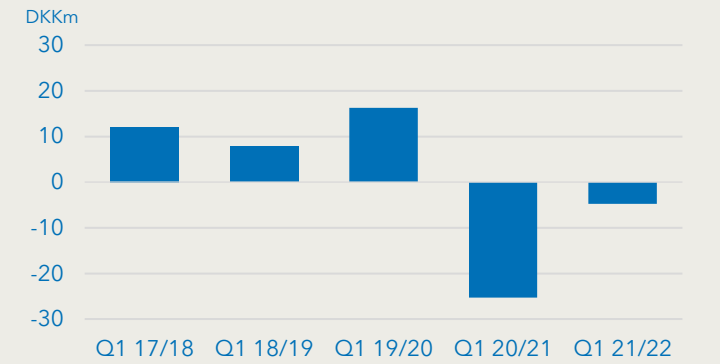
## REVENUE



## EBITDA



## EBIT



ENTERPRISE REVENUE

DKK **90**<sub>m</sub>

PROAUDIO REVENUE

DKK **26**<sub>m</sub>

HEALTHCARE REVENUE

DKK **11**<sub>m</sub>



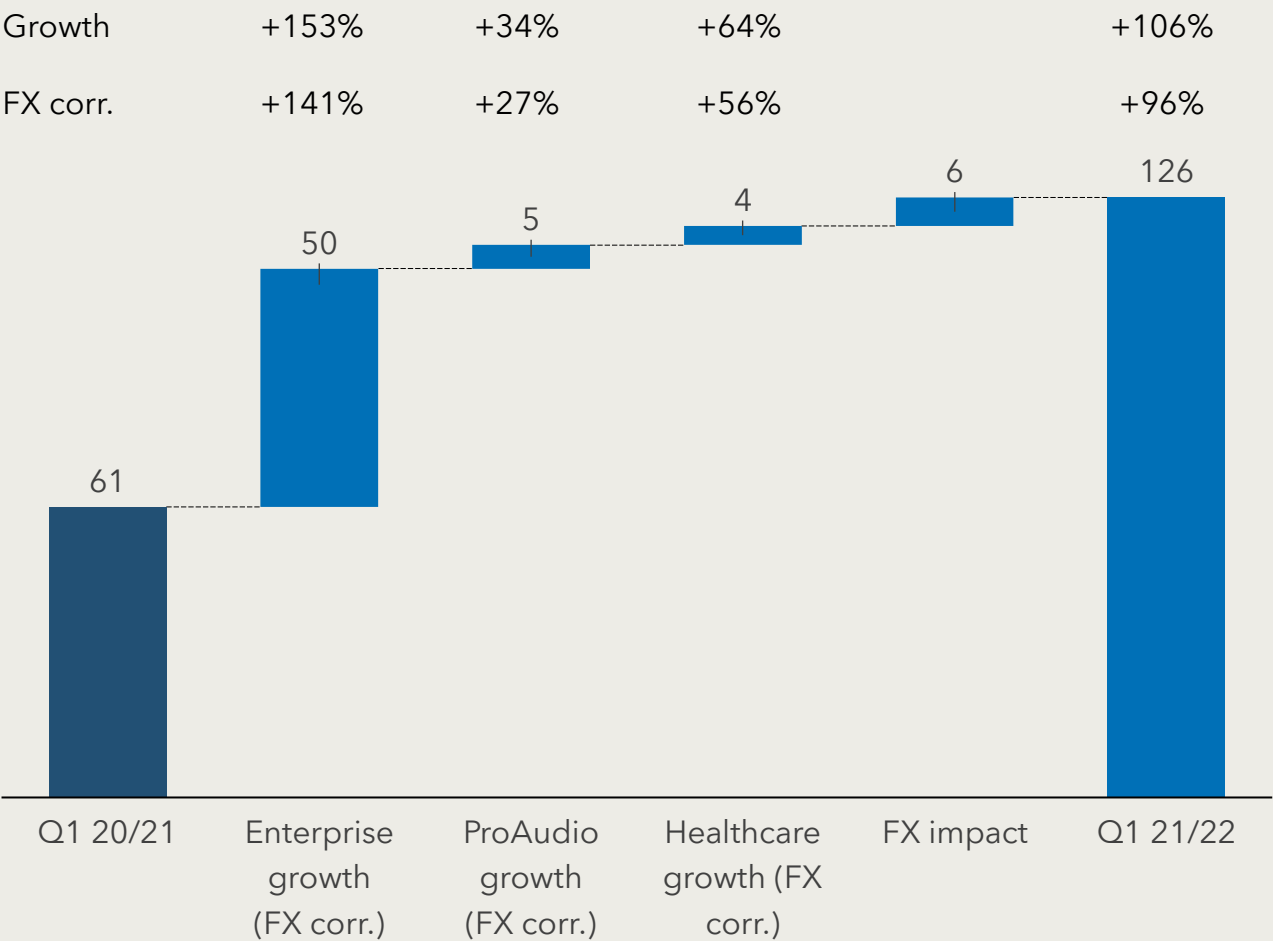
# Group P&L Q1 2021/22

DKK million	Q1 21/22	Q1 20/21
<b>Revenue</b>	<b>126.4</b>	<b>61.3</b>
Cost of sale	-66.1	-30.8
Gross profit	60.3	30.5
Gross margin %	47.7%	49.7%
Other external cost	-16.4	-14.5
Staff cost	-41.4	-42.9
Value of own work capitalized	2.5	8.1
<b>EBITDA</b>	<b>5.0</b>	<b>-18.8</b>
Depreciation, amortization and impairment	-9.7	-6.6
<b>Operating Profit (EBIT)</b>	<b>-4.8</b>	<b>-25.3</b>

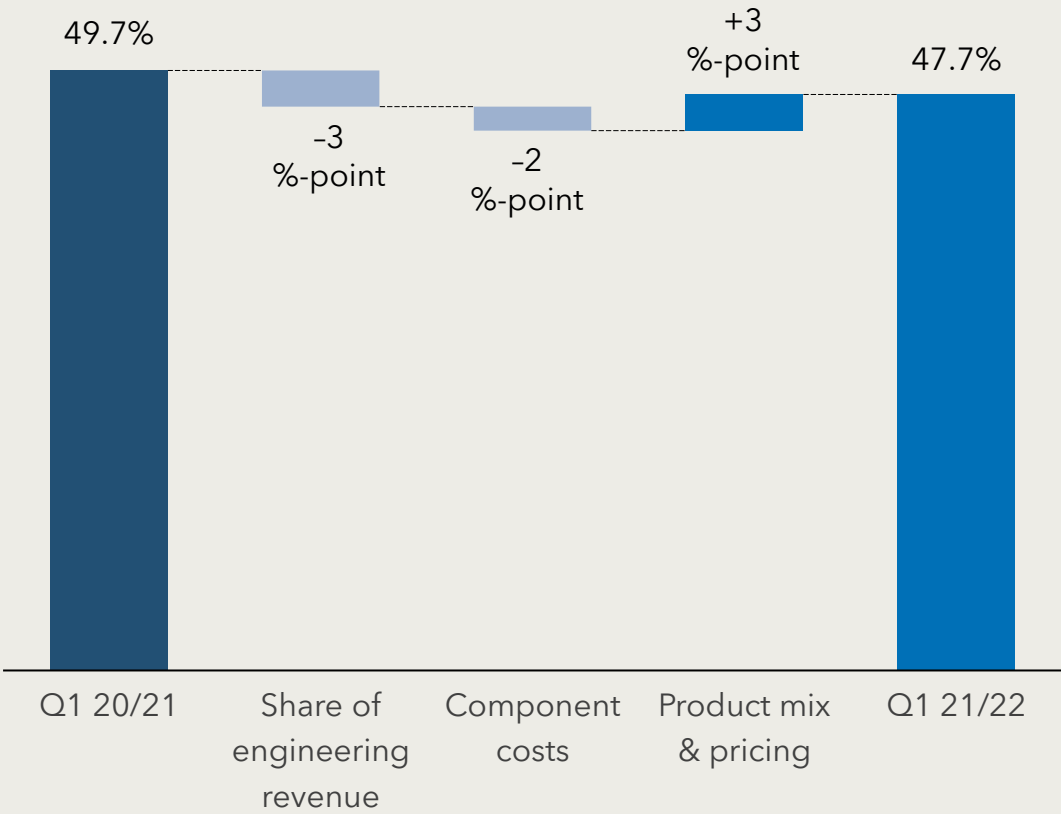
- **Revenue** more than doubled in Q1 (+106%). Demand has continued to rebound after having been impacted by COVID especially in the first half of the previous financial year. Component scarcity and other supply chain impediments continues to impact deliveries and thus revenue, therefore revenue of DKK ~55 million was postponed from Q1 into Q2 (with DKK ~45 million having been shifted from Q4 2020/21 into Q1 2021/22, i.e. a net negative impact of DKK ~10 million on revenue in Q1 2021/22). Strong growth in **Enterprise revenue** (+153%) in Q1 with no COVID-19 impact on demand. Growth seen broadly in the segment – especially for the large framework agreement customers. Revenue impacted by component shortages. **ProAudio revenue** increased by 34% as the COVID-19 impact on demand has decreased but is still impacting parts of the segment dependent on live events. Recurring revenue from product sales and royalty increased over last year due to an increase in demand for RTX's product platforms in line with the segment strategy. Revenue from engineering services decreased in Q1 also in line with the productization strategy. **Healthcare revenue** increased significantly in Q1 (+64%) driven by growth in the full ODM products supplied by RTX.
- **Gross margin** in 2021/21 decreased by 2 %-points in Q1 due to changes in the revenue mix with a lower share of revenue from engineering services and due to higher component costs with the scarcity in the global electronics industry which also leads to higher costs when securing components in the spot buy market.
- **Capacity costs** have been maintained on the same level as Q1 last year. **Capitalized own development work** is lower than last year due to slower start on certain new development projects and due to part of development work being assisted by external consultants which are capitalized directly to the balance sheet (and not over the P&L).
- **Earnings** increased compared to last year due to the higher revenue level, but impacted by the gross margin and the level of capitalized own development work.

# All Segments Contributing to Q1 Growth, while Gross Margin impacted by Share of Engineering Revenue and Component Costs

Revenue Q1 21/22 vs. last year (DKK million)



Gross Margin Q1 21/22 vs. last year (%)



# Group Balance Sheet

DKK million	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
Intangible assets	66.0	71.3
Tangible assets	84.7	73.6
Other non-current assets	8.4	8.1
Inventories	45.6	20.5
Receivables	142.1	89.8
Cash and cash equivalents	128.6	207.0
<b>Total assets</b>	<b>475.3</b>	<b>470.4</b>
<b>Liabilities</b>		
Equity	287.6	323.2
Non-current liabilities	73.8	72.7
Current liabilities	113.9	74.4
<b>Total equity and liabilities</b>	<b>475.3</b>	<b>470.4</b>
Equity ratio	60.5%	68.7%

- **Intangible assets** is no longer increasing and is expected to now have reached a more stable level.
- **Tangible assets** increased due to investments into test equipment for automated production lines and leasehold improvements.
- **Inventories** increased compared to last year and are at a relatively high level 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 last year due to higher sales.
- **Cash and cash equivalents** positively impacted by the cash flow generated from operations over the past year and negatively impacted by investments as well as dividends and share buy-backs (-71 million).
- **Equity** decreased compared to Q1 last year due to dividend payment and share buy-backs during the past 12 months (DKK 64 million) and with a result close to zero.
- **Current liabilities** increased compared to last year due to the increased activity level.
- Solid **equity ratio** despite share buy-backs and dividends over the past year (total of DKK 64 million).



# Group Cash Flow Q1 2021/22

DKK million	Q1 21/22	Q1 20/21
Cash flow from operations (CFFO)	14.3	30.7
Cash flow from investments <sup>1)</sup>	-4.9	-9.1
Cash flow from financing activities	-1.4	-8.4
<b>Change in cash</b>	<b>8.1</b>	<b>13.2</b>

1) Including acquisition of current securities in the trading portfolio in Q1 2021/22 with cash impact of DKK -0.3 million (Q1 2020/21: DKK -0.9 million).

- Positive **cash flow from operations (CFFO)** in Q1. Compared to last year, positively impacted by the improved earnings but negatively impacted by the working capital development (smaller improvement in working capital than last year).
- Lower capitalized own development work than last year impacts **cash flow from investments** in Q1.
- **Cash flow from financing activities** last year driven by share buy-backs of DKK 7 million. No share buy-back programme in Q1 this year.

Recap:  
RTX Business  
Model and  
Growth Strategy



# RTX Business Model for Profitable Growth

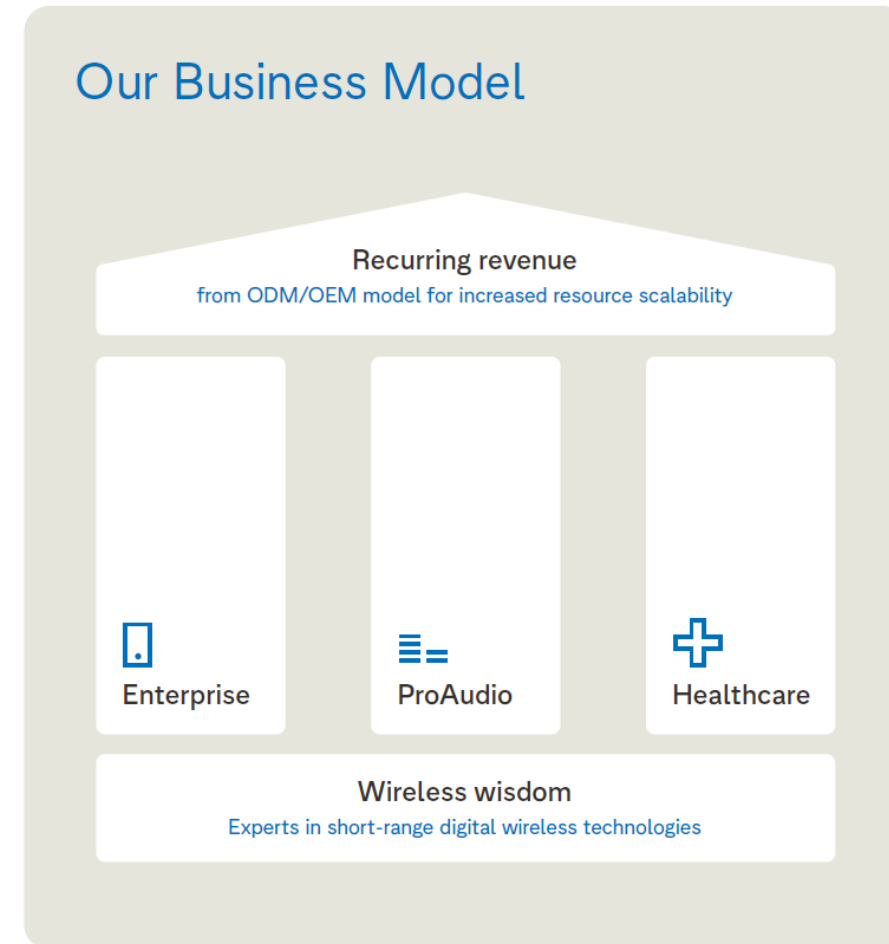
Leverage effect for profitable growth



Deployment in attractive B2B target markets



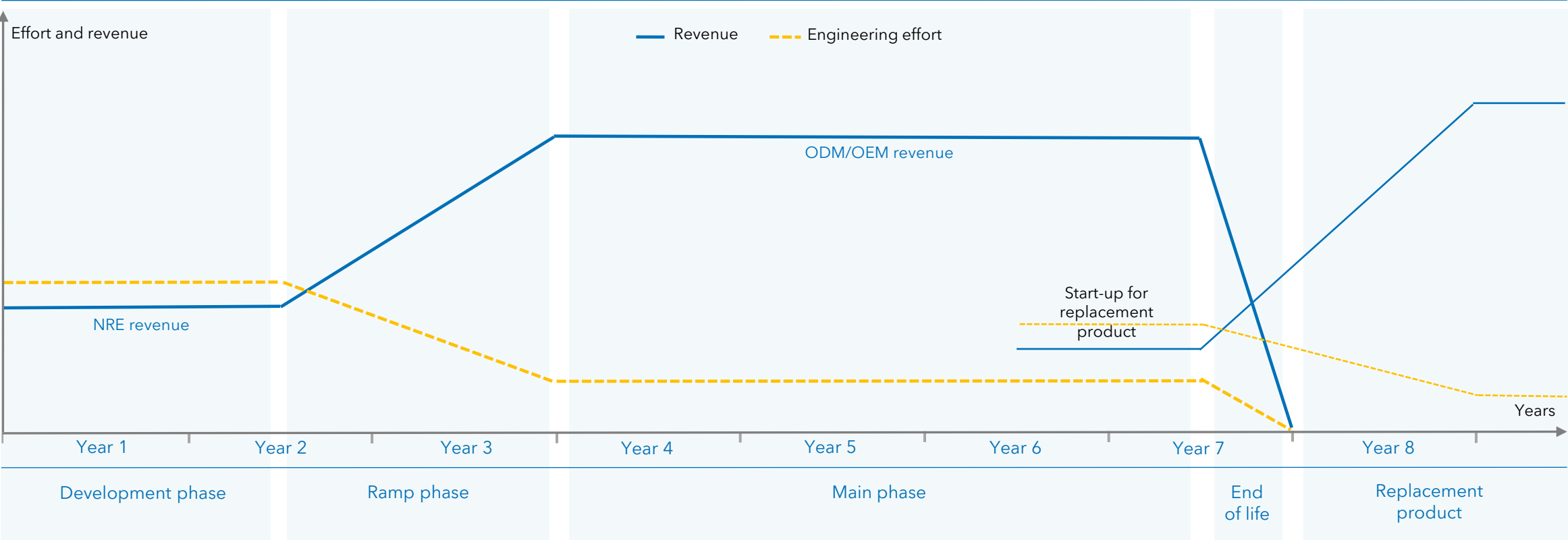
Core capabilities





# 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



# Currently Eight Framework Agreements in Various Life Cycle Stages

Eight Large Framework Agreements - in addition to smaller ones

<p>"Older" / "legacy" framework agreements</p>				<p>1. Enterprise 2. Enterprise 3. Enterprise 4. Healthcare</p> <p><i>Reasonably stable customer forecasts (under normal circumstances) from established customers; some, but lower, quarter-on-quarter fluctuations in product sales</i></p>
<p>Framework agreements announced during 2017/18</p>		<p>5. Enterprise 6. Enterprise</p> <p><i>Customer forecasts not yet stable in ramp phase; quarter-on-quarter fluctuations in product sales</i></p>		
<p>Framework agreements announced Q4 2018/19</p>	<p><i>No product sales in development phase (some NRE revenue)</i></p> <p>7. ProAudio 8. Enterprise</p>			
	Development phase	Ramp phase	Main phase	Main phase - renewed (replacement product)

Note: The life cycle stage will vary for individual products for the same customer, the above is therefore an approximation for the "average" life cycle stage for each framework agreement

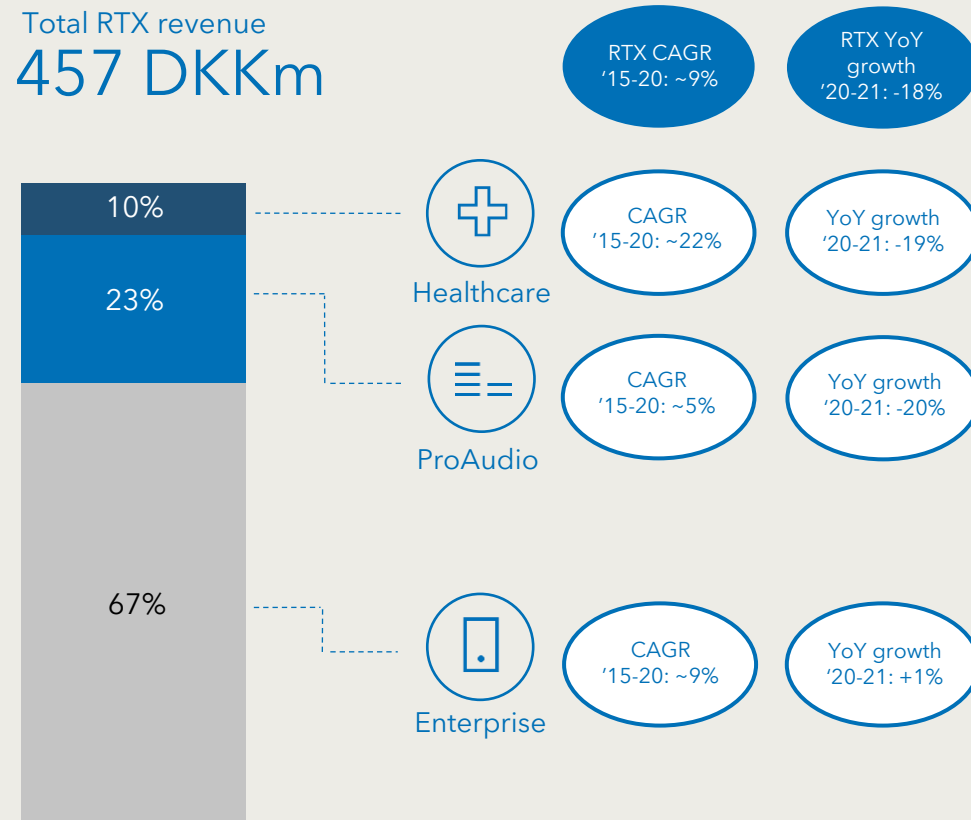
# Who We Work With (examples)





# RTX Growth Strategy in Target Markets

## RTX Today: Revenue by Target Market Segment 2020/21



## RTX Growth Strategy towards 2023/24

### Strengthen position in **Healthcare**

- Grow existing centralized CPM<sup>2</sup> business: Expanding share of value chain via broadened portfolio and increased production of sub-assemblies
- Expand into decentralized CPM<sup>2</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
- Leverage enterprise leadership position and sector expertise to increase share-of-wallet via Enterprise adjacencies, such as B2B headsets, cloud services etc.

<sup>1</sup> 5-year revenue CAGR (2015-20).

<sup>2</sup> Continuous patient monitoring (CPM).

# Long-Term Financial Ambitions by 2023/24

The growth strategy of RTX holds potential for significant profitable growth, however short-term challenges from component scarcity cause a “parallel shift” of the ambitions by one year to 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 approximately 20% from the relatively low starting point in 2020/21.



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. This corresponds to an average annual growth rate of approximately 57% from the relatively low starting point in 2020/21.

## Assumptions

The long-term financial ambitions are based on constant currencies with the ambitions especially being sensitive to the USD/DKK exchange rate. They are also based on the current macroeconomic and political climate, where major developments may impact the ambitions. Specifically, it is expected that the effects of COVID-19 and the resulting global economic consequences will continue to diminish and have no effect on the last two years of the period. 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 costs returning to their long-term trend lines (i.e., that the increased costs seen on certain components normalize before 2023/24).



A close-up, side-profile shot of a person with long, straight blonde hair. They are wearing large, white over-ear headphones with a brown leather-like band. The background is a blurred office environment with a computer monitor and another person visible in the distance.

Q&A Session

# Thank you for your attention

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