Conference call I 31 August 2022

RTX Q3 2021/22 Presentation

Presentation by
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RTX

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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.

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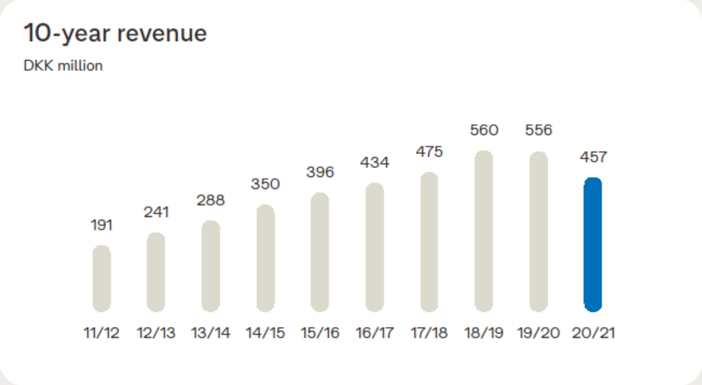
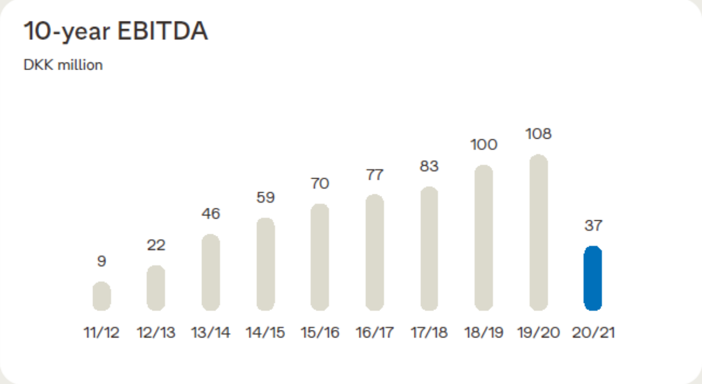
RTX at a Glance

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





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 Q3 and Nine Months 2021/22
3. Q&A
4. Appendix: RTX Business Model and Growth Strategy

Peter Røpke

President & CEO

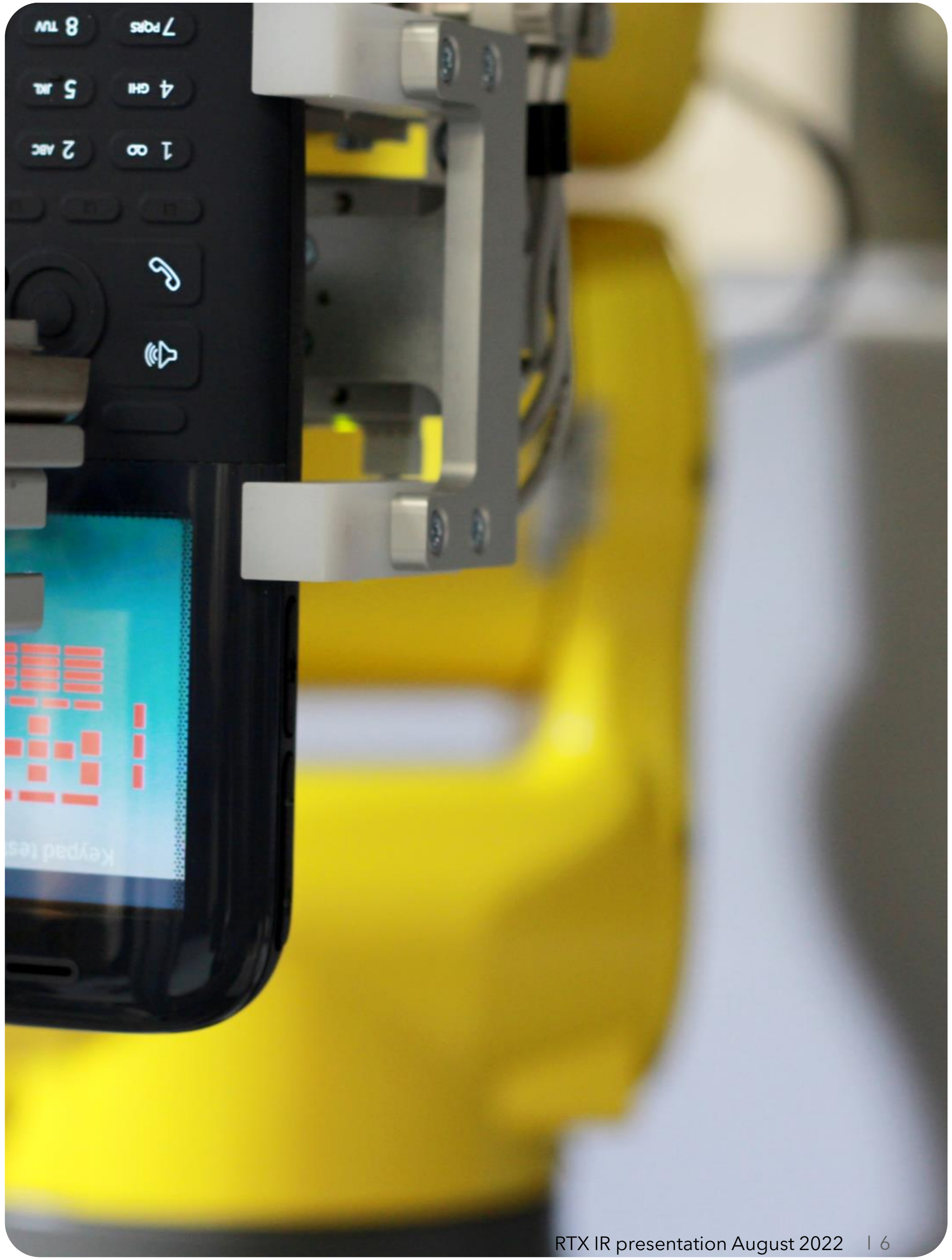
Morten Axel Petersen

CFO

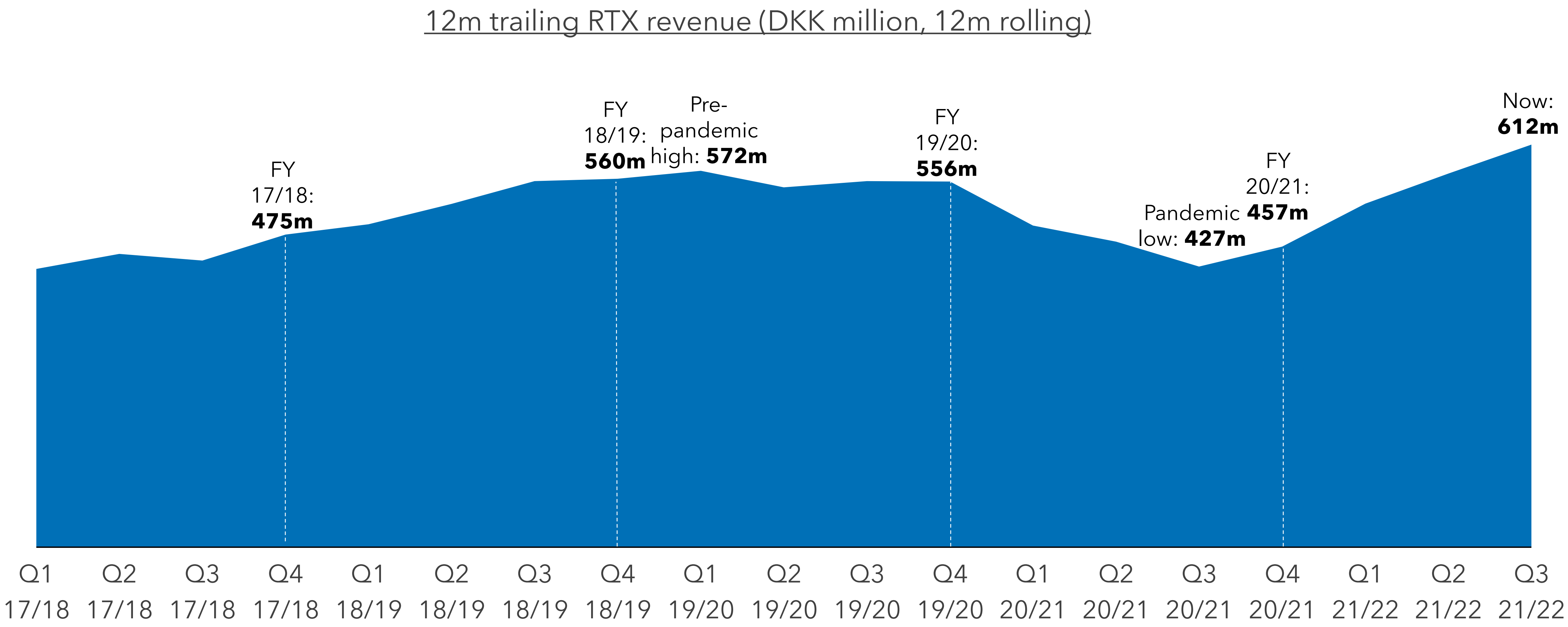
Business Update
Q3 2021/22

Q3 2021/22: Continued Demand Growth; Supply Situation not Worsened

- Q3 revenue in 2021/22 with significant growth of 37% compared to last year driven by strong growth in the Enterprise segment. In the first nine months (9M) of 2021/22 growth of 57% over last year with all segments contributing (44% FX corrected).
- Supply chain issues from electronics component scarcity and challenges in the global logistic chains continue to challenge deliveries and has shifted approx. DKK ~90 million of revenue from Q3 into Q4. However, overall the situation did not worsen in Q3 as roughly the same amount was shifted from Q2 into Q3.
- Enterprise revenue with strong growth of 60% in Q3. Growth seen broadly in the segment – especially for the large framework agreement customers. Significant 9M growth of 73%.
- ProAudio revenue decreased by 13% over Q3 last year driven by lower revenue from engineering services in line with the productization strategy. Recurring revenue from product sales and royalty is largely unchanged over Q3 last year impacted by the global supply chain constraints. For the first nine months, revenue growth of 25% driven by growth in recurring revenue.
- Healthcare revenue decreased by 15% in Q3, however has grown by 33% in 9M. The development is as expected as the volume development over the year is more even within the segment than last year which was significantly backloaded.
- Gross margin lower than 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. Further impacted by the product mix realized given component shortages. Partially counterbalanced by sales price development.
- Outlook for 2021/22 updated on 7 July 2022 and maintained. Actual 2021/22 performance will depend on the supply situation towards year-end.



12m Trailing (LTM) Revenue now Exceeding Pre-Pandemic Level



Outlook 2021/22 Updated on 7 July 2022 Based on Strong Order Book and With Uncertainty from the Global Supply Challenges

DKK million	Result 2018/19	Result 2019/20	Result 2020/21	Original Outlook 2021/22	Updated Outlook 2021/22
Revenue	560.3	555.9	457.2	Above 520	550 – 610
EBITDA	100.2	108.2	37.3	Above 50	50 – 70
EBIT	86.7	83.6	6.1	Above 10	10 – 30

On 7 July 2022, RTX updated the outlook for the year. The increase in expected revenue is due to the strong demand and order situation and the relatively wide interval for the expected revenue reflects the continued significant uncertainty on the global electronics supply markets from component shortages and other supply challenges. The adjustments in the expected earnings levels are driven by the expected higher revenue level and the expected lower gross margin impacted by the product mix to be realized given component shortages and by the need to secure components in the spot buy market and through other channels.

The actual performance in 2021/22 will now therefore primarily depend on the supply situation towards the end of the financial year – i.e. on factors such as actual component deliveries, lock-downs affecting production, shipping and logistic impediments etc.

For the full list of assumptions behind the outlook refer to the annual report for 2020/21 (pages 22-23) and to company announcement 13/2022 (from 7 July 2022).

Financial Update
Q3 and 9M 2021/22

Financial Highlights Q3 2021/22

REVENUE
DKK **165**m

EBITDA
DKK **16**m

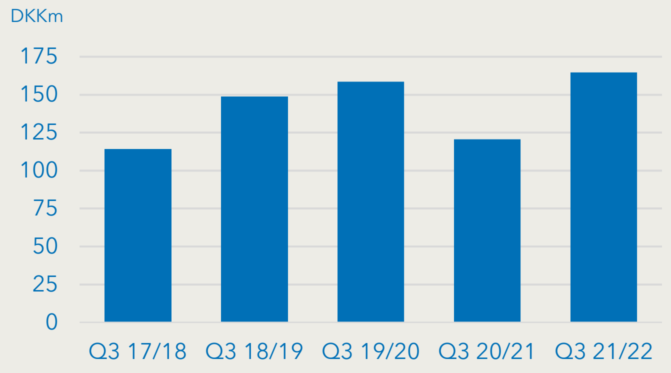
EBIT
DKK **6**m

EBITDA-MARGIN
9.7%

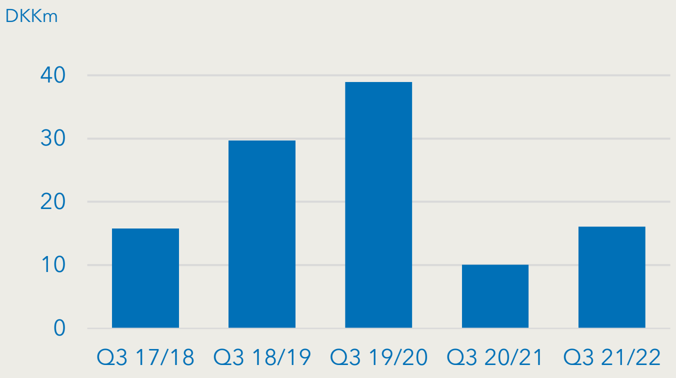
CFFO
DKK **0**m

EQUITY RATIO
57%

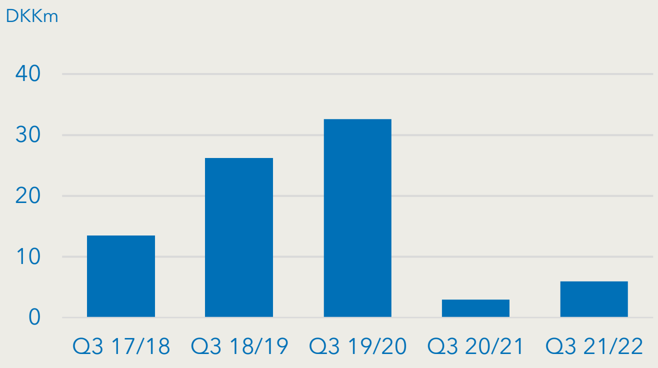
REVENUE



EBITDA



EBIT



ENTERPRISE REVENUE
DKK **131**m

PROAUDIO REVENUE
DKK **23**m

HEALTHCARE REVENUE
DKK **11**m

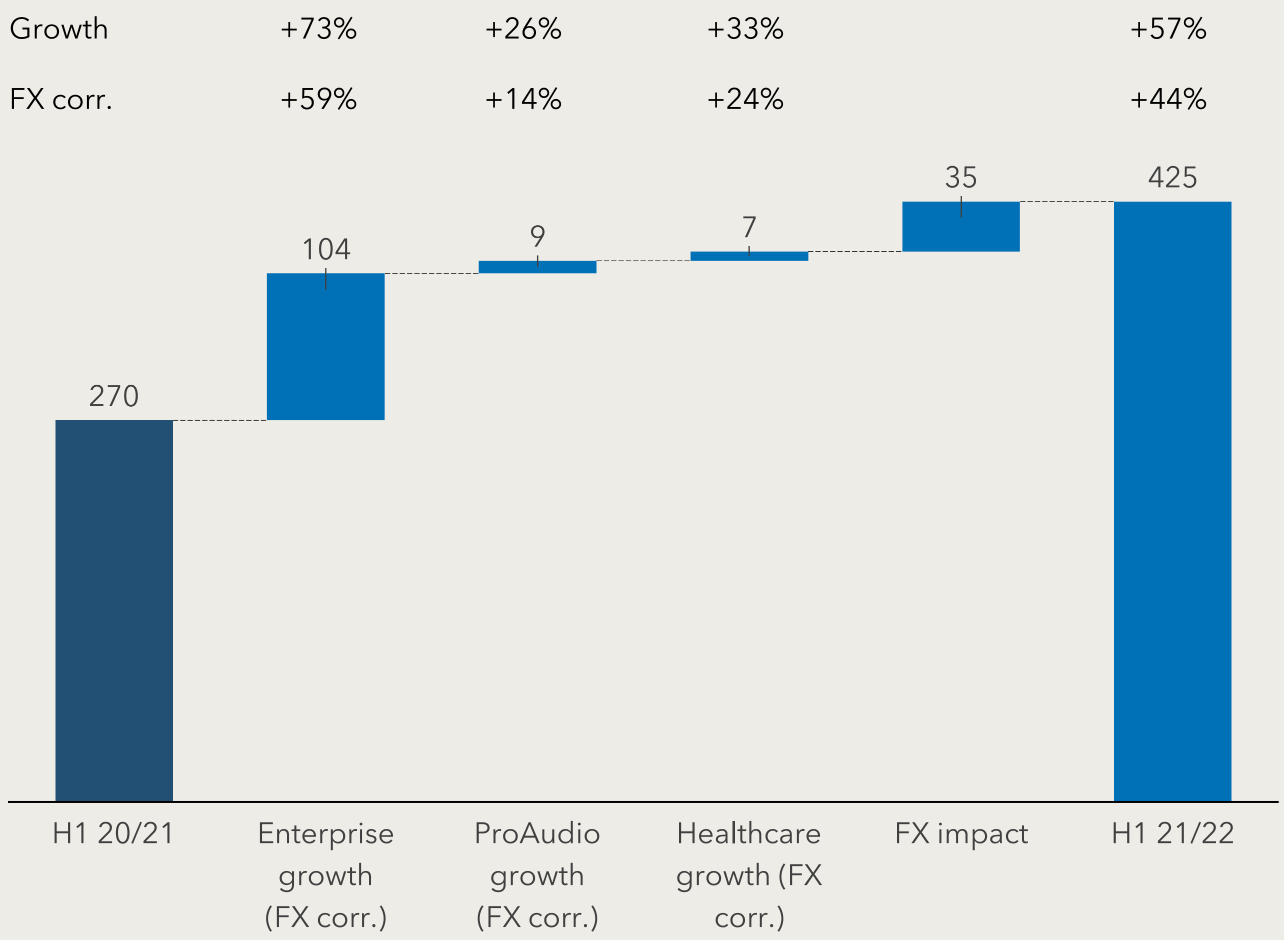
Group P&L Q3 and Nine Months (9M) 2021/22

DKK million	Q3 21/22	Q3 20/21	9M 21/22	9M 20/21
Revenue	**164.8**	**120.6**	**425.4**	**270.4**
Cost of sale	-92.8	-59.8	-226.2	-129.3
Gross profit	71.9	60.8	199.3	141.1
Gross margin %	43.7%	50.4%	46.8%	52.2%
Other external cost	-15.5	-12.9	-47.2	-40.5
Staff cost	-44.9	-44.3	-131.4	-135.4
Value of own work capitalized	4.5	6.4	12.1	22.1
EBITDA	**16.1**	**10.1**	**32.8**	**-12.7**
Depreciation, amortization and impairment	-10.1	-7.1	-29.9	-21.0
Operating Profit (EBIT)	**5.9**	**3.0**	**2.9**	**-33.6**

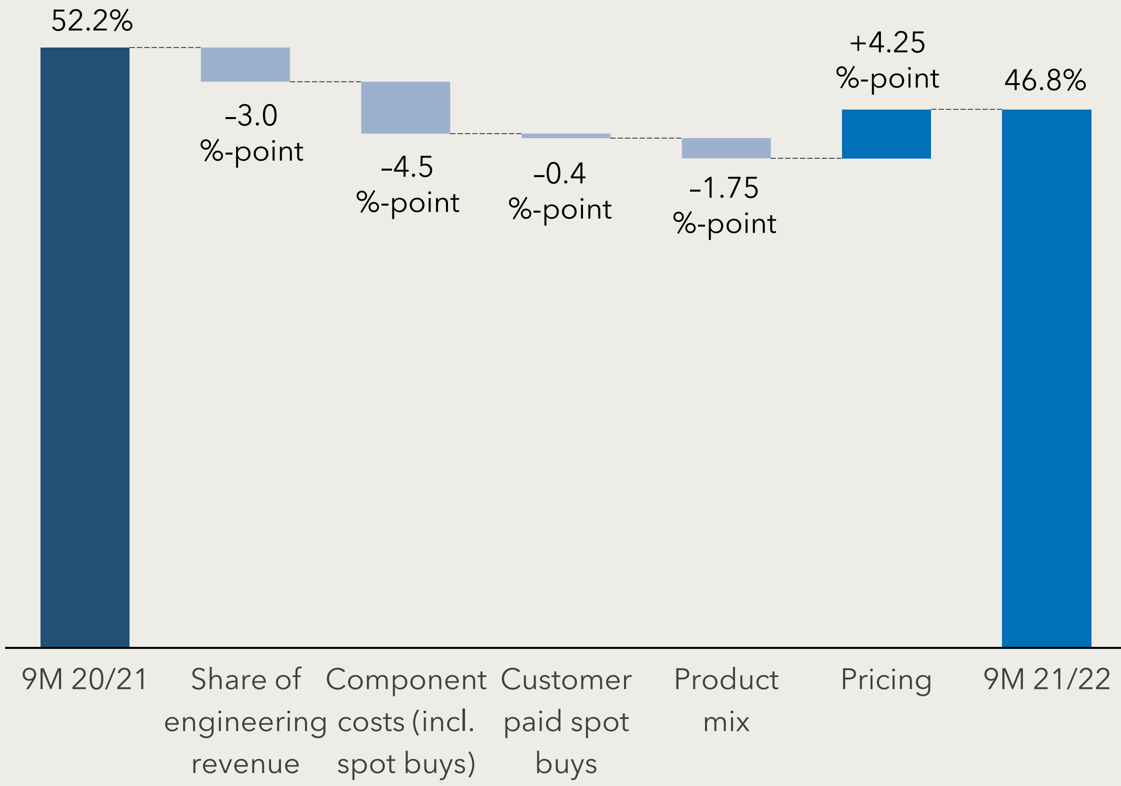
- **Revenue** growth continued in the quarter – with growth of 37% in Q3 and 57% in 9M compared to last year. As opposed to last year, COVID-19 is no longer impacting demand which has increased strongly. Component scarcity and other supply chain impediments have impacted deliveries and thus revenue, however the impact has overall not worsened in Q3 (the DKK ~90 revenue postponed into Q4 is roughly the same amount as postponed from Q2 to Q3). **Enterprise revenue** increased by 60% in Q3 and by 73% in 9M. Growth is seen broadly in the segment – especially for the large framework agreement customers. **ProAudio revenue** decreased by 13% in Q3 but has grown 25% in 9M. In Q3, revenue from engineering services decreased in line with the productization strategy. Recurring revenue from product sales and royalty is on par with Q3 last year but has been impacted by component shortages both for product deliveries and via the effect on royalty customers. **Healthcare revenue** decreased by 15% in Q3 but has increased by 33% in 9M with the revenue development being more even over the financial year this year compared to last financial year which was significantly backloaded.
- FX corrected revenue has increased by 20% in Q3 and by 44% in 9M as the USD has been strengthened over 2021/22.
- **Gross margin** in Q2 decreased by 6.8 %-points due to changes in the product mix because of the impact of the lack of components, due to 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 – counterbalanced by higher sales prices.
- **Capacity costs** are at the same level as last year for 9M. In Q3 last year, the capacity costs were lower due to a reversal of bonus provisions last year (and no such reversal this year). **Capitalized own development work** is lower than last year partly due to a part of the 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 lower gross margin.

All Segments and FX Contributing to Growth, while Gross Margin impacted by Component Costs and Realized Mix

Revenue 9M 21/22 vs. last year (DKK million)



Gross Margin 9M 21/22 vs. last year (%)



Group Balance Sheet

DKK million	30 Jun 2022	31 Mar 2022	30 Jun 2021
Assets			
Intangible assets	64.2	65.0	74.7
Tangible assets	87.7	85.7	86.5
Other non-current assets	8.7	8.7	8.1
Inventories	84.4	56.6	23.4
Receivables	163.6	137.5	125.7
Cash and cash equivalents	104.2	118.3	117.8
Total assets	**512.7**	**471.7**	**436.1**
Liabilities			
Equity	290.9	286.8	257.2
Non-current liabilities	74.0	72.1	73.7
Current liabilities	147.9	112.9	105.1
Total equity and liabilities	**512.7**	**471.7**	**436.1**
Equity ratio	56.7%	60.8%	59.0%

- **Intangible assets** is no longer increasing and is expected to now have reached a more stable level.
- **Tangible assets** develop with investments in automated test equipment for production lines.
- **Inventories** increased significantly compared to last year (and also increased compared to the previous quarter) and are at a relatively high level. The development is driven by higher level of finished goods in transit towards customers, by increased buffer stocks on certain key components where possible and by components secured in the spot buy market at extraordinary high prices to be passed on customers.
- **Receivables** increased compared to Q3 last year due to higher sales and the timing of sales within the quarter.
- **Cash and cash equivalents** since last year positively impacted by the cash flow generated from operations over the past year and negatively impacted by investments as well as share buy-backs over the past 12 months.
- **Equity** increased compared to Q3 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** despite higher assets (inventories and receivables)

Group Cash Flow 9M 2021/22

DKK million	9M 21/22	9M 20/21
Cash flow from operations (CFFO)	20.8	32.0
Cash flow from investments[1)]	-4.7	14.5
Cash flow from financing activities	-4.1	-70.0
Change in cash	**11.9**	**-23.6**

1) Including sale of current securities in the trading portfolio in 9M 2021/22 with cash impact of DKK 18.2 million (9M 2020/21 sale of current securities with cash impact of DKK 48.7 million).

- Positive **cash flow from operations (CFFO)** of DKK 20.8 million in the first nine months of 201/22. CFFO is lower than last year, positively impacted by the improved earnings and a lower tax payment but negatively impacted by the working capital development with a smaller cash release from receivables due to higher revenue this year and with the increased inventory this year (partially counterbalanced by increased payables this year).
- **Cash flow from investments** of DKK -22.9 million in 9M compared to -34.3 million in 9M last year (when excluding cash inflow from sale of current securities in the trading portfolio in both years). The lower investments are both due to lower investments in own development projects (primarily in Q1) and due to lower capex in property, plant and equipment (primarily due to leasehold improvements made last year).
- **Cash flow from financing activities** in 9M last year driven by dividend payments and share buy-backs of DKK 65.6 million. No dividend payment or share buy-back program in 9M this year.

Q&A Session

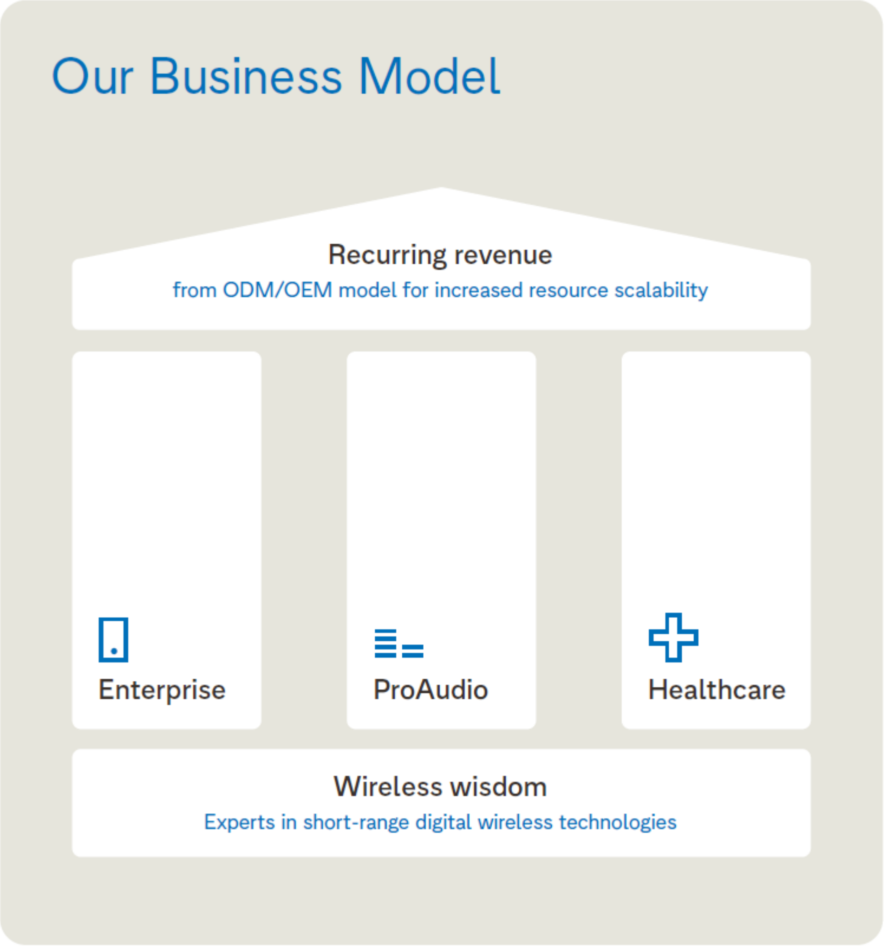
Appendix: RTX Business Model and Growth Strategy

RTX Business Model for Profitable Growth

Leverage effect for profitable growth

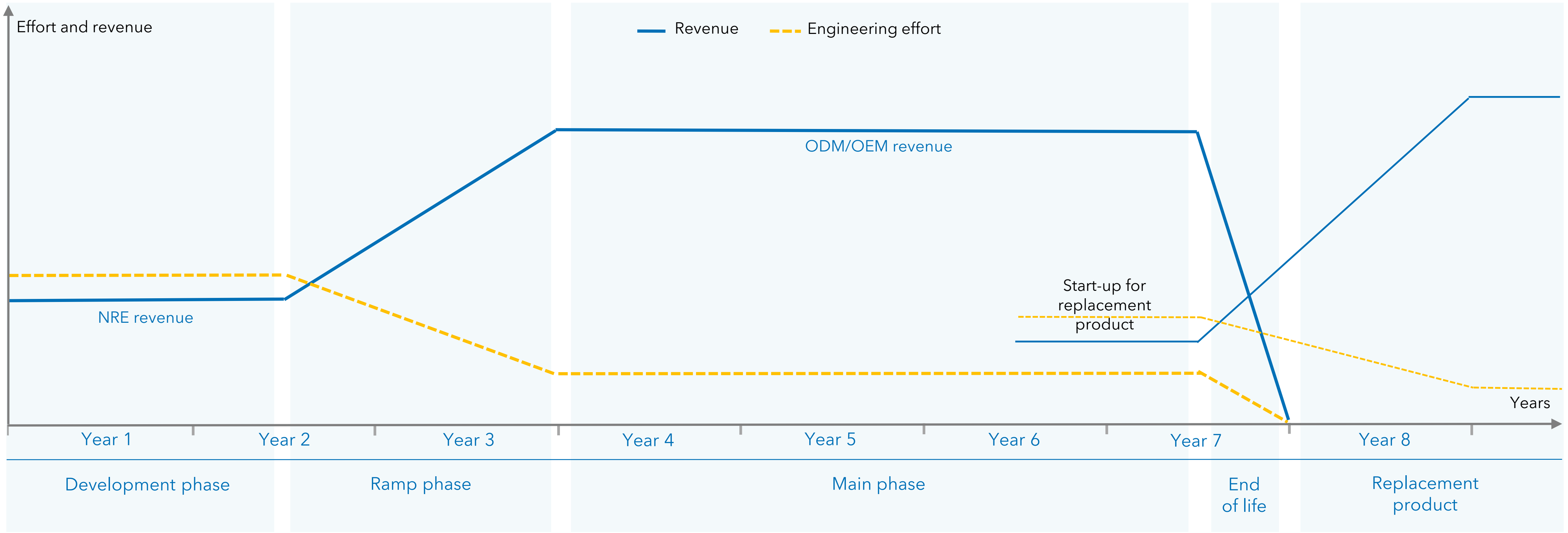
Deployment in attractive B2B target markets

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

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

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)

AGFEO
einfach | perfekt | kommunizieren

CISCO

NEC

SENNHEISER

Alcatel·Lucent

ERICSSON

LG

PHILIPS

snom

audio-technica

Gigaset

poly

STRONGBYTE

AVAYA

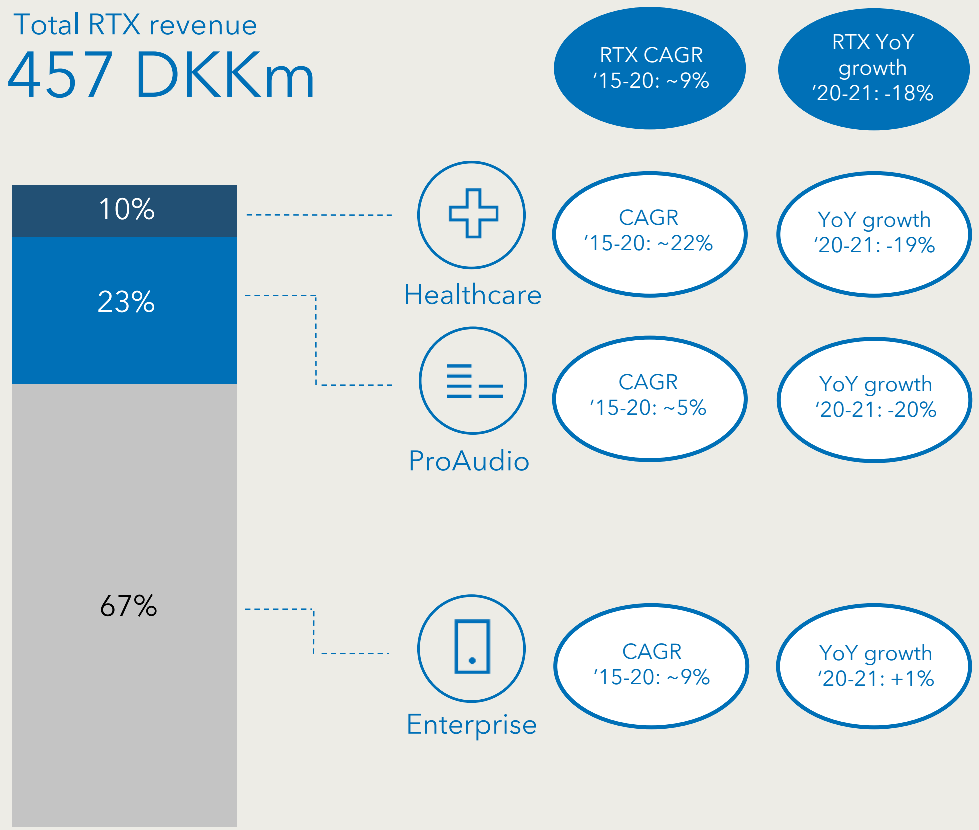
Mitel

YAMAHA

swyx

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[2] business: Expanding share of value chain via broadened portfolio and increased production of sub-assemblies
- Expand into decentralized CPM[2]

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.

[1] 5-year revenue CAGR (2015-20).
[2] 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 east 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).

Thank you for your attention

For further information, please contact CEO Peter Røpke
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