



Danske Bank Winter Seminar | 30 November 2022

RTX Presentation

Presentation by
CEO Peter Røpke

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.

RTX Growth Strategy

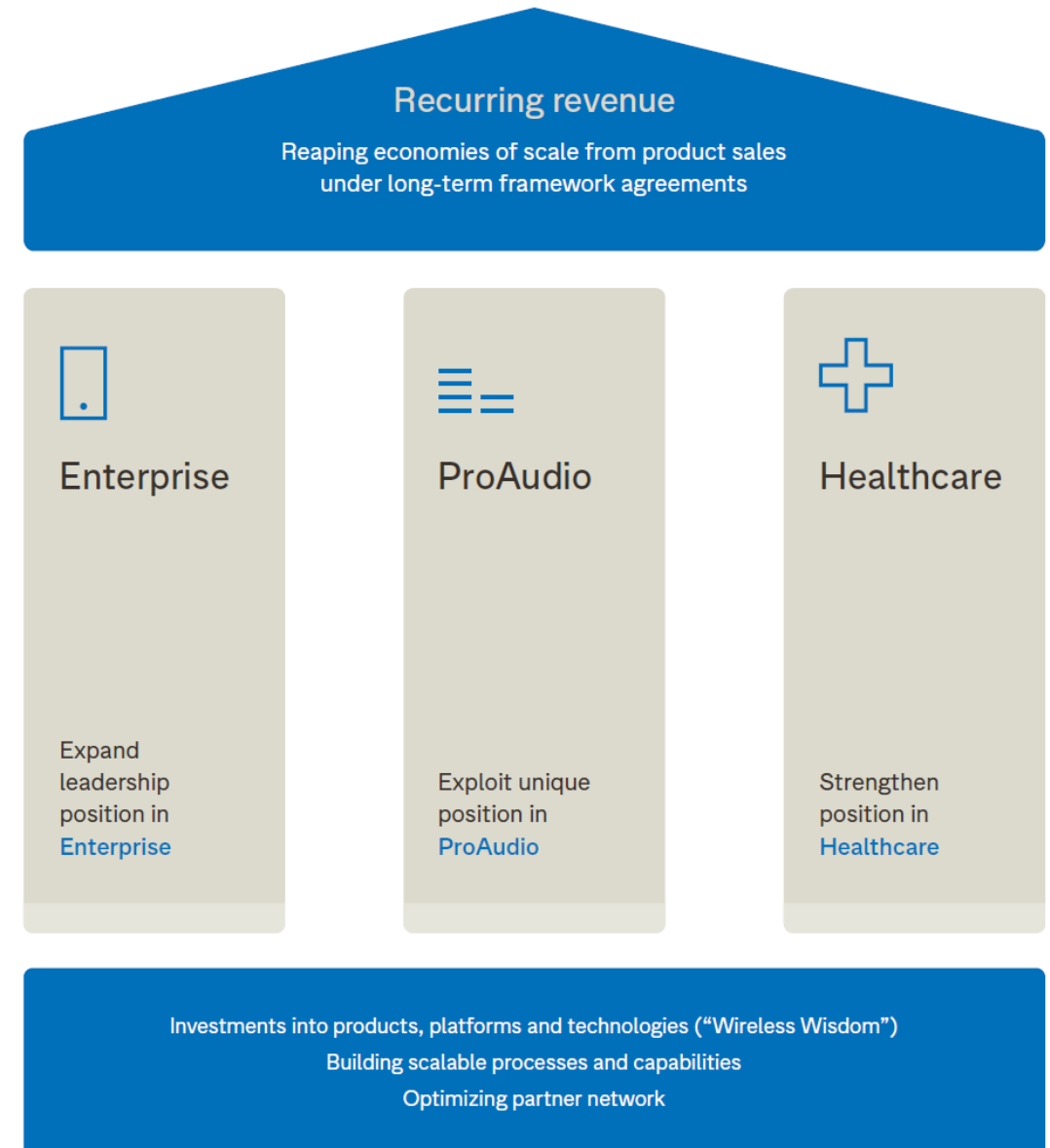
Deploying our *Wireless Wisdom* across multiple attractive B2B markets in an ODM/OEM model to secure profitable growth via increased recurring revenue and scalability.

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.

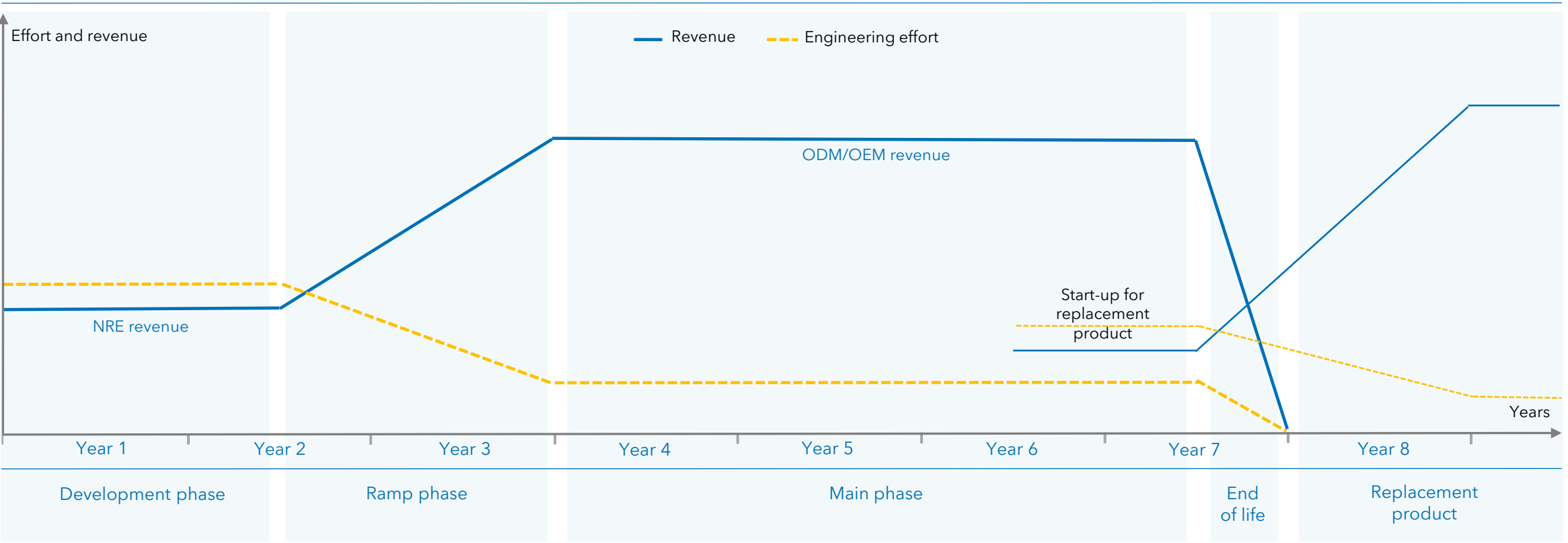
We will build on our uniform business model and go-to-market approach to further reap economies of scale. Focus will be on establishing robust and scalable processes across RTX as well as consolidating our technological capabilities and continuously upgrade these.

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



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)

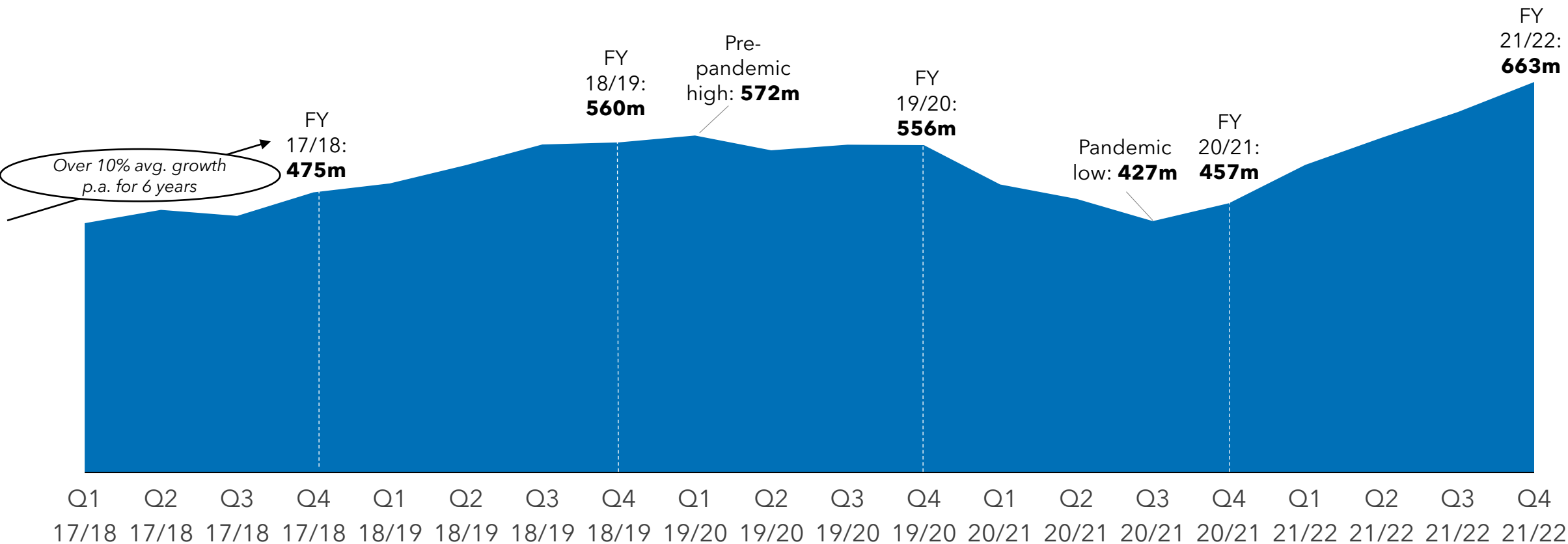
Note: The life cycle stage will vary for individual products for the same customer, the above is therefore an approximation for the "average" life cycle stage for each framework agreement

Who We Work With (examples)



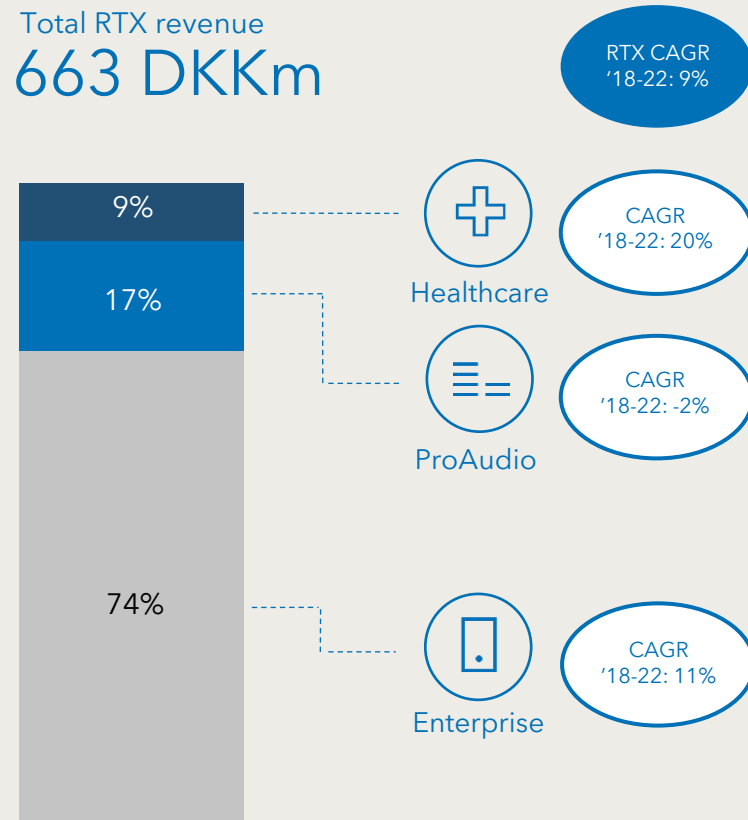
Strong Growth Temporarily Halted by the Pandemic, but 12m Trailing (LTM) Revenue now Exceeding Pre-Pandemic High

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



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 CPM¹ business: Expanding share of value chain via broadened portfolio and increased production of sub-assemblies and infrastructure
- Expand into decentralized CPM¹

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.

¹ Continuous patient monitoring (CPM).

Outlook 2022/23

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).

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).

Q&A Session



Appendix

1. RTX Growth Strategy
2. 2021/22 Highlights



Peter Røpke

President & CEO



Morten Axel Petersen

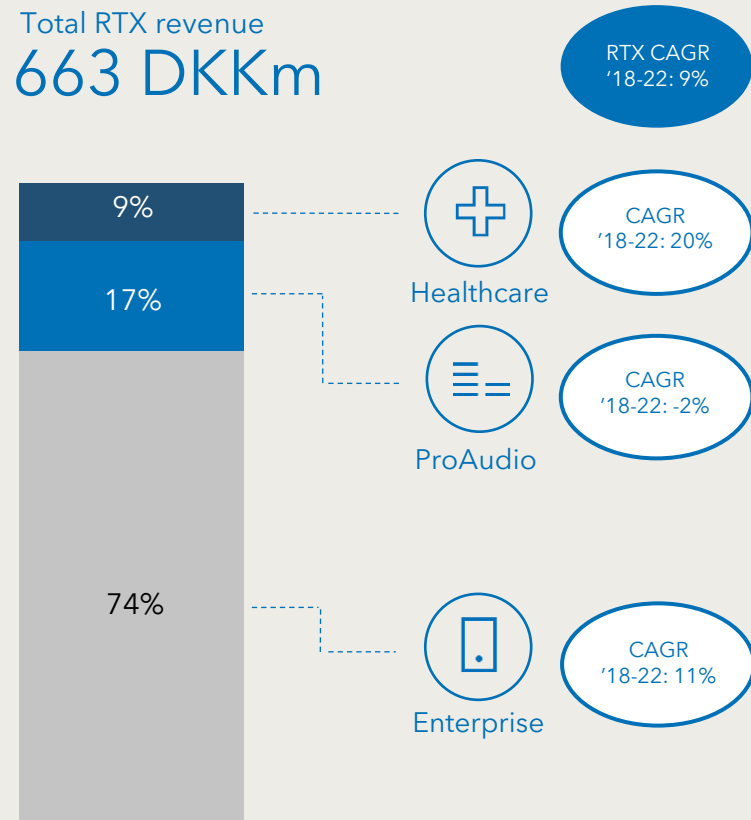
CFO

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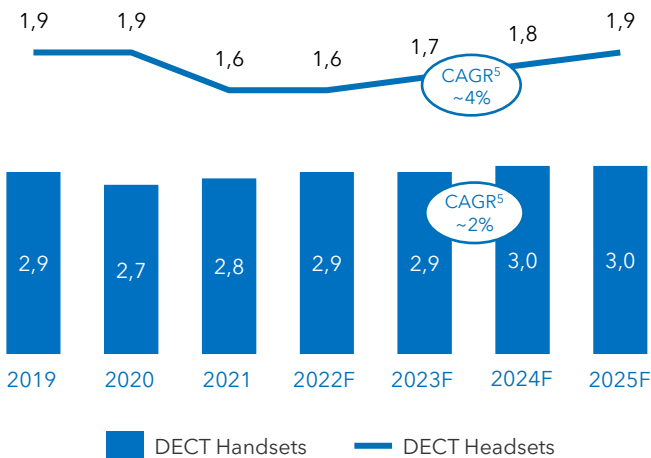
RTX Gaining Share as Market Leader in Consolidating Handset Market; Headset Market Growing

Key Market Trends

- Transition, from on-premise based PBX to **cloud-based, drives need for new endpoints**¹; including handsets and headsets
- **Ongoing market consolidation**; driven in part by increased outsourcing
- **DECT technology remains attractive** in the Enterprise market space: Has attractive price compared to cellular, superior performance² compared to Wi-Fi/VoWLAN and superior security
- Further **upside in DECT**; with additional players entering in USA³
- Sizable **headsets market** constitutes growth opportunity for RTX as part of our system offering

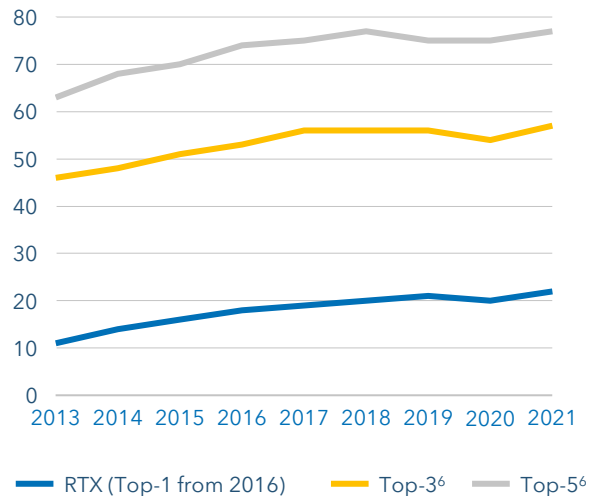
Market Size and Growth

Professional Handsets⁴ and Headsets Markets
Million Units per Year (data from summer 2022)



Market Consolidation

Manufacturer Market Shares (Handset) by Volume
% of Total Multi-Cellular Handset Market (data from summer 2022)



2% handset market growth p.a. combined with a p.a. 1 %-point increase in market share (from 22%), in itself, indicates growth opportunity of ~7% p.a.

Expand Leadership in Enterprise

Continue to gain market share and drive market consolidation



Drive 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



Leverage enterprise leadership position to **increase share-of-wallet** by expanding our system offering with selected product **adjacencies**¹



Grow with DECT technology while ensuring long-term technology agility

¹ E.g., B2B headsets, location beacons, cloud-based tools, or other IP telephony-related products, solutions and sub-systems.

Professional Audio Market Transition Creates RTX Growth Opportunities

Ongoing Transition from Wired Analog to Digital
Wireless Drives Need for Wireless Products in
Attractive Professional Audio Market

Substantial Market Sizes, for both
Mics & Stage and Intercom, Constitute
Significant RTX Growth Opportunities

RTX ProAudio Covers Four Areas,
with Mics & Stage and Intercom as
Primary Target Areas for Growth

Transition drivers

- **Regulatory changes** are reallocating frequencies to video- and broadband services
- New requirements to robustness and security requires **digital transmission technology**

Increased need

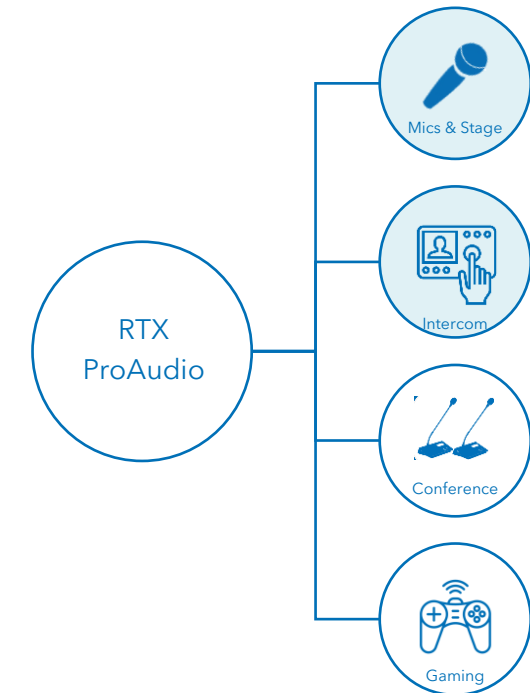
- Growing **content creation market** (journalists, vloggers, streamers etc.) driven by social media
- Growing **live performance market**¹; though trend was temporarily paused due to COVID-19
- Growing need for solutions to facilitate **remote collaboration**; conferencing solutions

2 million
units

- Annual unit sales of **professional wireless microphones globally**
- Annual growth of approx. 5% p.a.
- Plus significant additional market potential beyond microphones²

6 billion
USD

- **Global intercom market**³ including access/entry, quick service, stand alone and matrix systems
- Annual growth of approx. 3% p.a.
- More than half is wireless



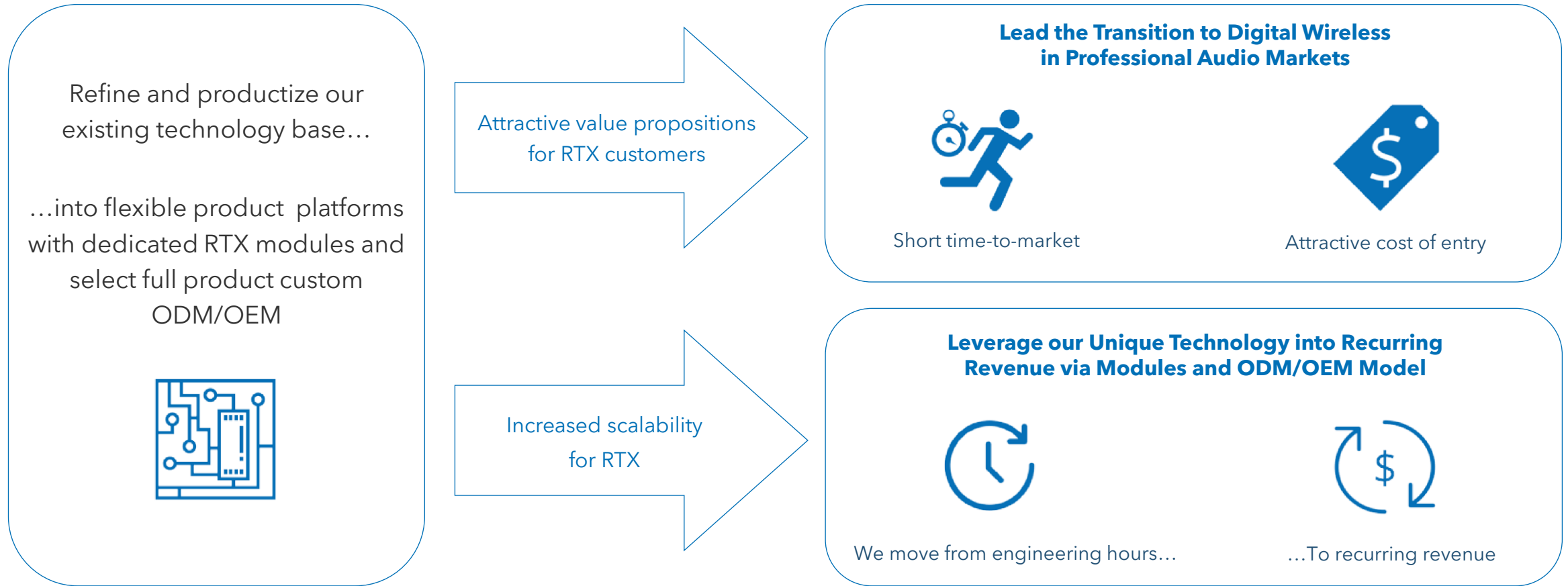
Source: Arizton, Music Trade, and AVIXA

¹ The music industry has become increasingly more dependent on live performances (due to disruptions in music publishing industry) and performances are growing in complexity (needed channel count/number of microphones)

² Including instruments, mixers, speakers etc. as well as professional audio applications such as monitoring systems, conference systems and content creation solutions etc.

³ Access/Entry systems for buildings, Quick Service systems for restaurants, Stand Alone systems for e.g., construction sites or the hospitality industry, and the more complex Matrix Systems used for TV productions, large sporting events etc.

Utilize Unique Position in ProAudio



Sizable Monitoring Market Constitutes Growth Opportunity for RTX in Healthcare

Key Healthcare Market Trends Drive the Need for More Patient Monitoring

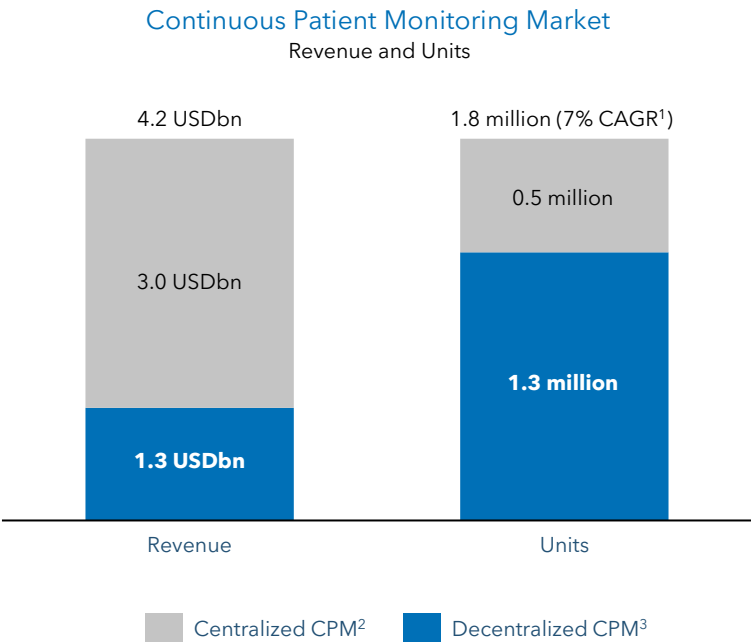
Pressure to **reduce costs and prove value** continue to increase...

- Resulting in focus on efficient use of resources
- Shift in focus from procedures towards outcomes / value-based healthcare

...and drive need for new technology, including **increasing use of telemedicine / virtual healthcare**

- Driven by both cost- and convenience factors
- Enables remote diagnostics and treatment
- More outpatient, more monitoring, more wireless

Sizable Continuous Patient Monitoring Market Constitutes Significant Growth Opportunity for RTX



Source: IHS markit
¹ 2019 to 2022 CAGR

² Centralized systems are typically used in critical care settings in hospitals

³ Decentralized systems are typically used for post-acute bedside, ambulatory, home patient, or small and field hospital installation

Strengthen Position in Healthcare

Expand existing Healthcare business by both broadening and deepening our offerings and presence in continuous patient monitoring (CPM)



Continue to expand existing centralized¹ continuous patient monitoring business with our long-term blue-chip healthcare customer



Expand share of value chain via broadened portfolio and increased production of sub-assemblies and infrastructure



Expand into decentralized³ continuous patient monitoring (CPM)



¹ Centralized systems are typically used in critical care settings in hospitals

² Decentralized systems are typically used for post-acute bedside, ambulatory, home patient, or small and field hospital installation

2021/22 Highlights



Return to Growth Track in 2021/22

RTX GROUP

- Strong revenue and earnings growth in 2021/22 driven by strong demand after the impact of the pandemic in the preceding years. Revenue increase of 45% in 2021/22 (30% FX corrected) exceeding.
- Supply chain issues from electronics component scarcity and logistic impediments continued to impact deliveries and has shifted approx. DKK 65 million of revenue from 2021/22 into next financial year – net negative impact of DKK 20 million on revenue in 2021/22. However, the supply situation started to improve towards the end of the financial year.
- Gross margin decreased in 2021/22 due to lower share of revenue from engineering services and due to higher component costs also for securing components in the spot buy market. Partially counterbalanced by higher sales prices.

ENTERPRISE

- Strong growth in 2021/22 especially from our largest framework agreement customers.
- Our large customers continue to invest into joint product development with RTX with several product launches expected for 2022/23.

PROAUDIO

- Strong increase in revenue from product sales and lower revenue from hourly-paid engineering services in line with the strategy to generate recurring revenue from product sales.

HEALTHCARE

- Solid growth in 2021/22 driven by the current generation of the full ODM products in the segment.
- Development of the next generation of ODM products ongoing.

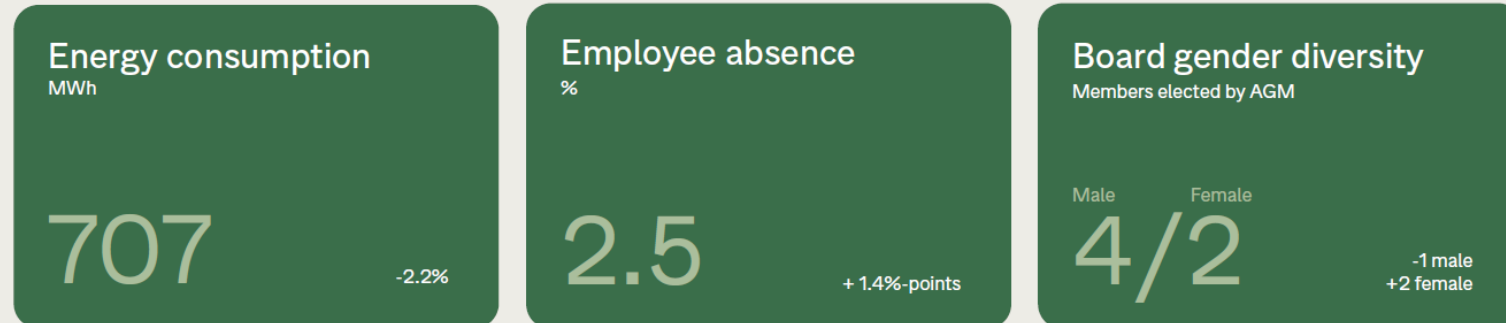


Full-Year 2021/22 Highlights

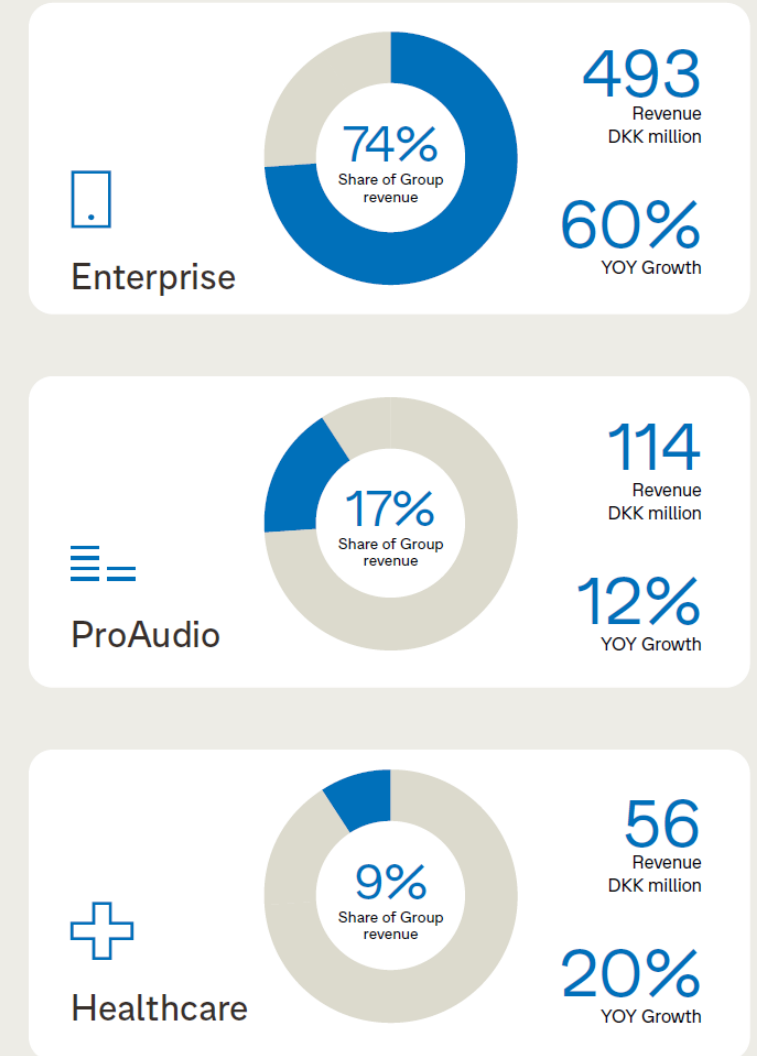
Financial highlights



ESG highlights



Market segments



Group P&L Q4 and Full-Year 2021/22

DKK million	Q4 21/22	Q4 20/21	FY 21/22	FY 20/21
Revenue	237.8	186.8	663.3	457.2
Cost of sale	-127.8	-88.8	-354.0	-218.1
Gross profit	110.0	98.0	309.3	239.1
Gross margin %	46.3%	52.5%	46.6%	52.3%
Other external cost	-15.2	-14.8	-62.4	-55.3
Staff cost	-45.9	-36.0	-177.3	-171.3
Value of own work capitalized	3.7	2.8	15.8	24.9
EBITDA	52.6	50.0	85.4	37.3
Depreciation, amortization and impairment	-9.8	-10.3	-39.7	-31.3
Operating Profit (EBIT)	42.8	39.7	45.6	6.1

- **Revenue** increased strongly (+45%) and reached a record level. Also, Q4 revenue with strong growth (+27%). Strong demand was the main driver of growth. Component scarcity and other supply chain impediments have impacted the timing of deliveries and thus revenue with DKK ~65 million of revenue postponed from 2021/22 into next year – a negative net impact of DKK ~20 million on revenue in 2021/22. However, the supply situation improved in Q4 and the effect on Q4 was therefore a positive effect of DKK 25 million on revenue. **Enterprise revenue** increased by 45% in 2021/22 – especially for the customers of RTX largest framework agreements. **ProAudio revenue** increased by 11% with growth in product sales after the pandemic but with lower revenue from engineering services in line with the strategy to focus on generating recurring revenue from product sales. **Healthcare revenue** increased by 20% in 2021/22 with growth primarily from the full ODM products and secondarily from the wireless modules supplied by RTX in the segment.
- FX corrected revenue growth was 30% in 2021/22 as the USD has strengthened throughout the year.
- **Gross margin** was lower in 2021/22 and reached 46.6% vs. 52.3% last year primarily due to changes in the revenue mix with a lower share of revenue from engineering services and royalty, due to higher component costs including the costs to secure components in the spot buy market due to the component scarcity in the global electronics industry and due to customer payments of extraordinarily high component costs without margin for RTX. This was partially counterbalanced by higher sales prices.
- **Capacity costs** increased slightly (by 6%) over last year due to higher staff bonuses this year (no staff bonuses last year), due to higher costs for external (outsourced) development work, utilities, travel, new website etc. This comes after two years of slightly declining capacity costs – in total capacity costs have increased by less than 1% on average per year over the past three years.
- **Earnings** increased significantly compared to last year.

Thank you for your attention

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