

A low-angle shot of a modern office interior. Two women in business attire are standing on a balcony with a glass railing, looking at a document. The balcony is part of a multi-story building with a grid-like ceiling and large windows. The lighting is bright and natural, coming from the windows.

Conference call | 3 May 2022

RTX Q2 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.



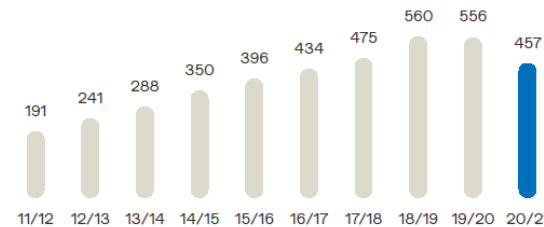
RTX at a Glance

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

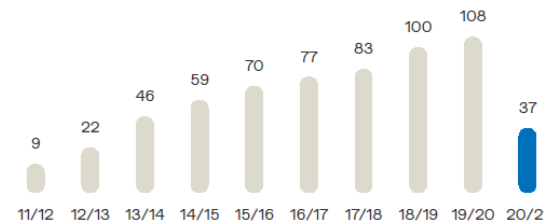
10-year revenue

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 Q2 and H1 2021/22
3. Q&A
4. Appendix: RTX Business Model and Growth Strategy



Peter Røpke

President & CEO



Morten Axel Petersen

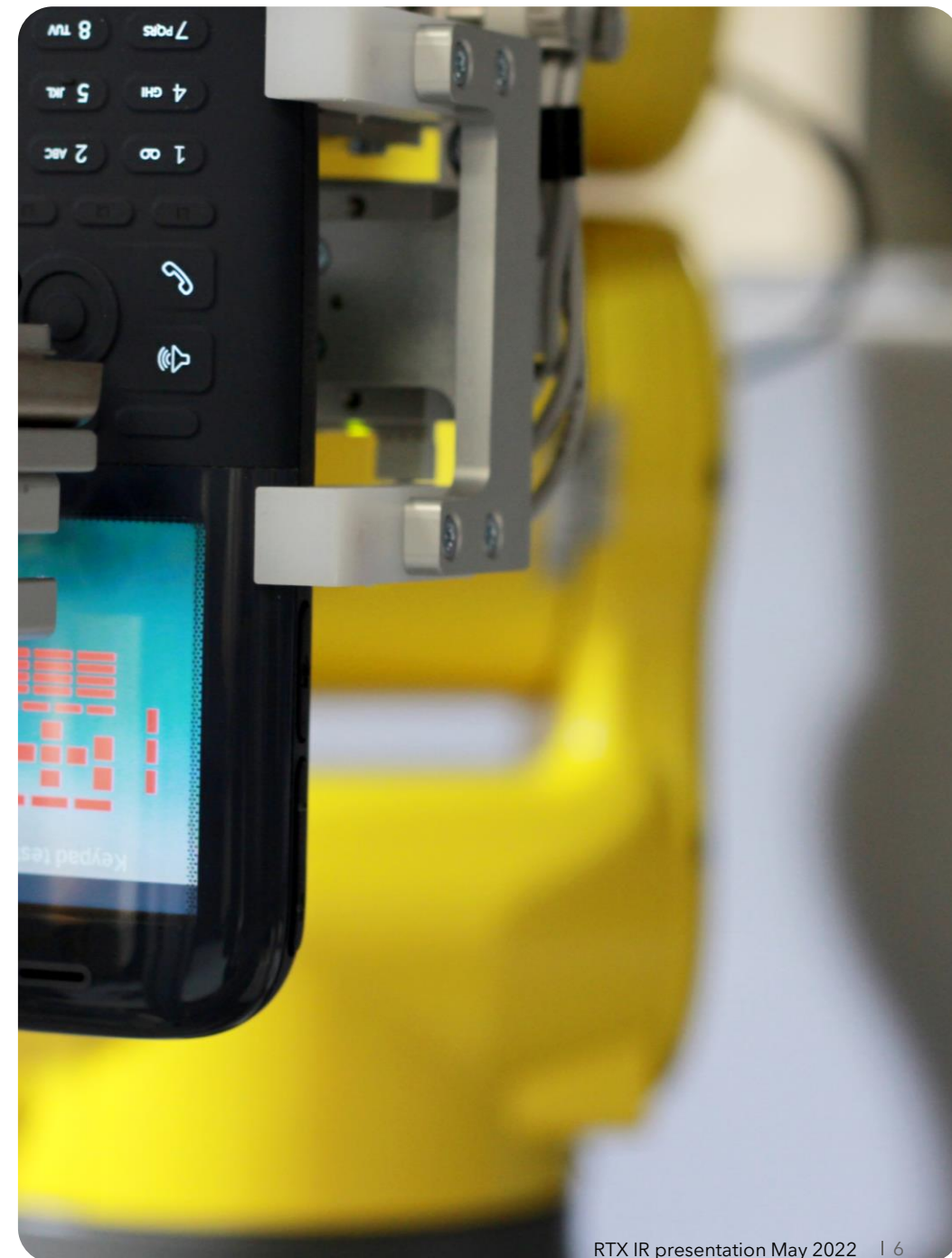
CFO



Business Update Q2 2021/22

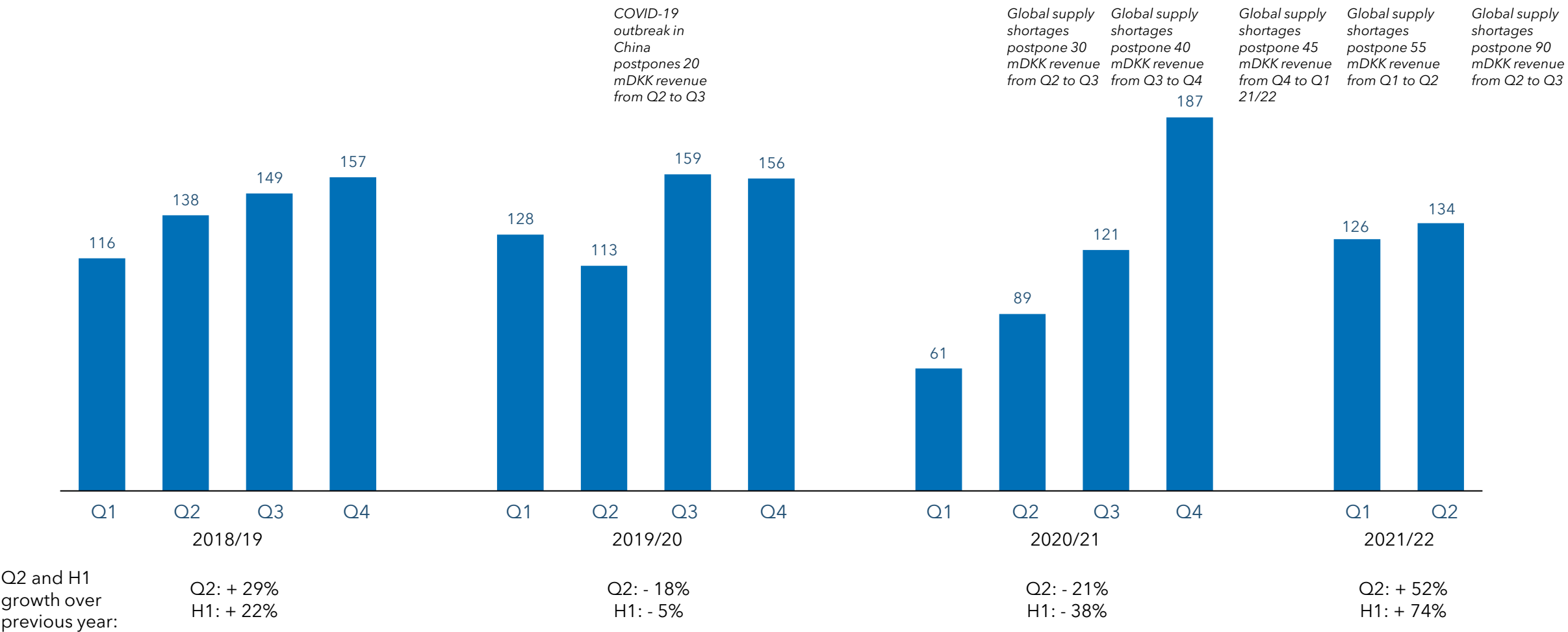
Q2 2021/22: Strong Demand Growth, but Still Supply Challenges

- **Q2 revenue** in 2021/22 with significant growth of +50% compared to last year as customer demand has normalized and is back at pre-COVID levels in all segments. H1 2021/22 growth of ~74% over last year.
- **Supply chain** issues from electronics component scarcity and disruptions to global logistic chains, including temporary lockdowns in China, continue to challenge deliveries and has shifted approx. DKK ~90 million of revenue from Q2 into Q3 (net negative impact on revenue of DKK ~35 million in the quarter as DKK 55 million shifted from Q1 to Q2 21/22).
- **Enterprise revenue** with solid growth in Q2 (+43%). Growth seen broadly in the segment - especially for the large framework agreement customers. Revenue significantly impacted by component shortages. Strong H1 growth of 85%.
- **ProAudio revenue** growing strongly in Q2 (+63%) driven by RTX's product platforms in line with the segment strategy and by pick-up in business dependent on live events. Revenue from engineering services decreased in Q2 also in line with the productization strategy. Strong H1 growth of 50%.
- **Healthcare revenue** growing significantly in Q2 (+80%) and in H1 (+72%) with strong demand but partly due to the volume development over the year expected to be more even within the segment than last year.
- **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 with large ODM framework agreements.



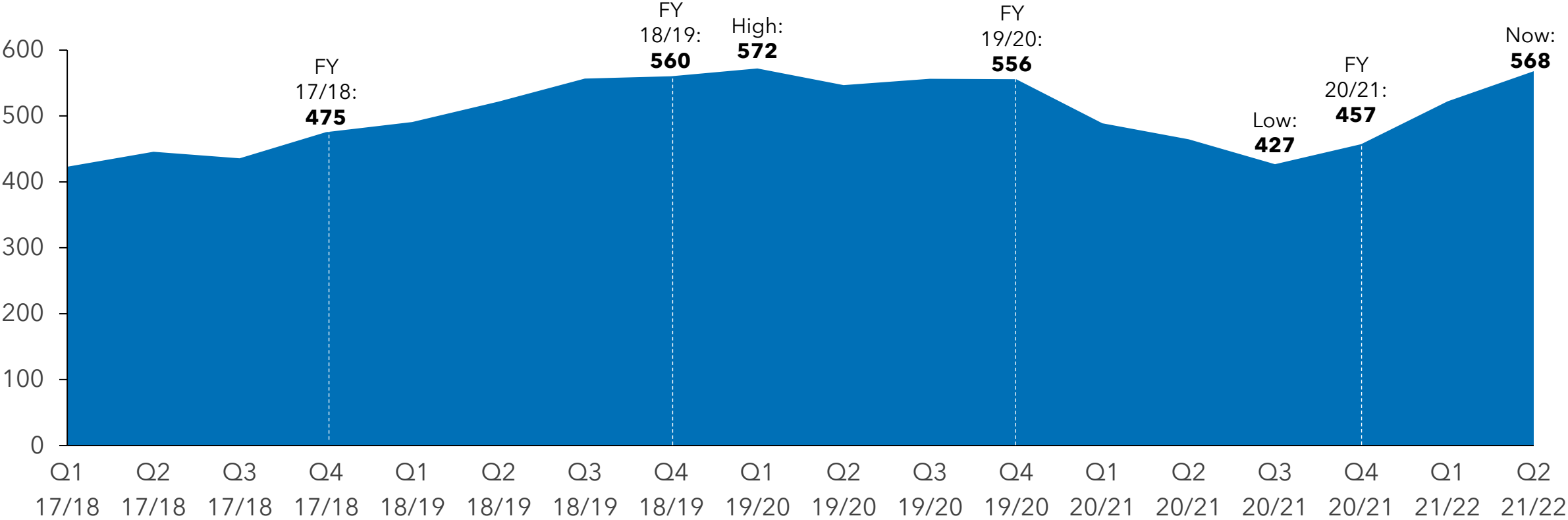
Revenue Rebound Continue in Q2 and H1 2021/22 with Strong Growth over Last Year

Revenue by quarter (DKK million)



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

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



For the Second Half of 2021/22, Demand Visibility Remains Strong but Component Uncertainty Persists



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

Q2 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.

Q2 update

Component situation remains uncertain and difficult for 2021/22 mainly short-term commitments and overall situation not improved.

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

Temporary lockdowns may impact supply and logistics in individual quarters.

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 – and other supply chain and logistic disruptions 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 costs – including also increasing costs for securing components in the spot buy market or other channels – creates added uncertainty for the year related to the outlook regarding earnings.

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

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).

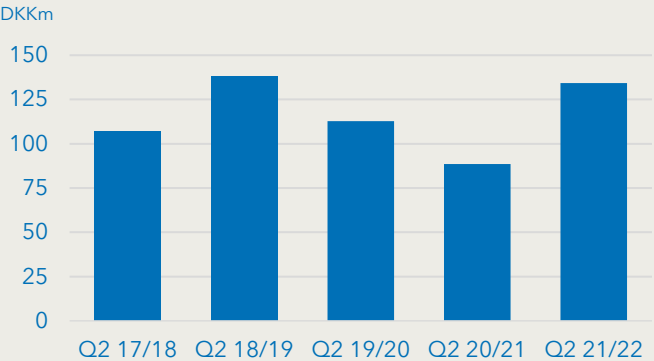
Financial Update Q2 and H1 2021/22



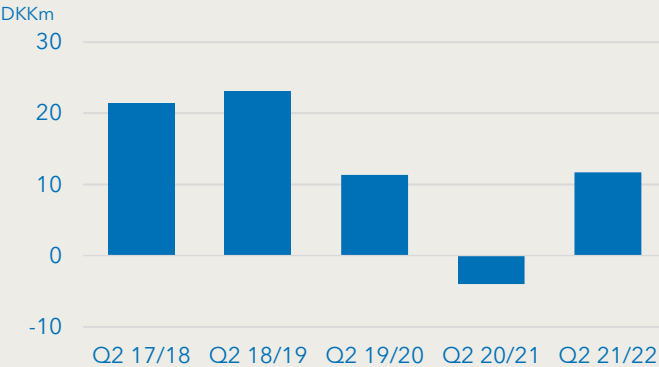
Financial Highlights Q2 2021/22

REVENUE	EBITDA	EBIT	EBITDA-MARGIN	CFFO	EQUITY RATIO
DKK 134 _m	DKK 12 _m	DKK 2 _m	8.7 %	DKK 7 _m	61 %

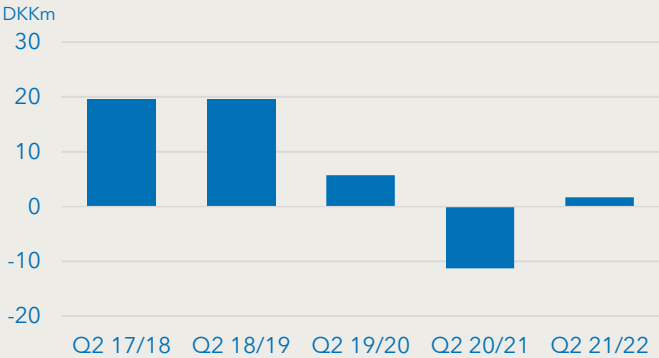
REVENUE



EBITDA



EBIT



ENTERPRISE REVENUE

DKK **84**_m

PROAUDIO REVENUE

DKK **35**_m

HEALTHCARE REVENUE

DKK **15**_m

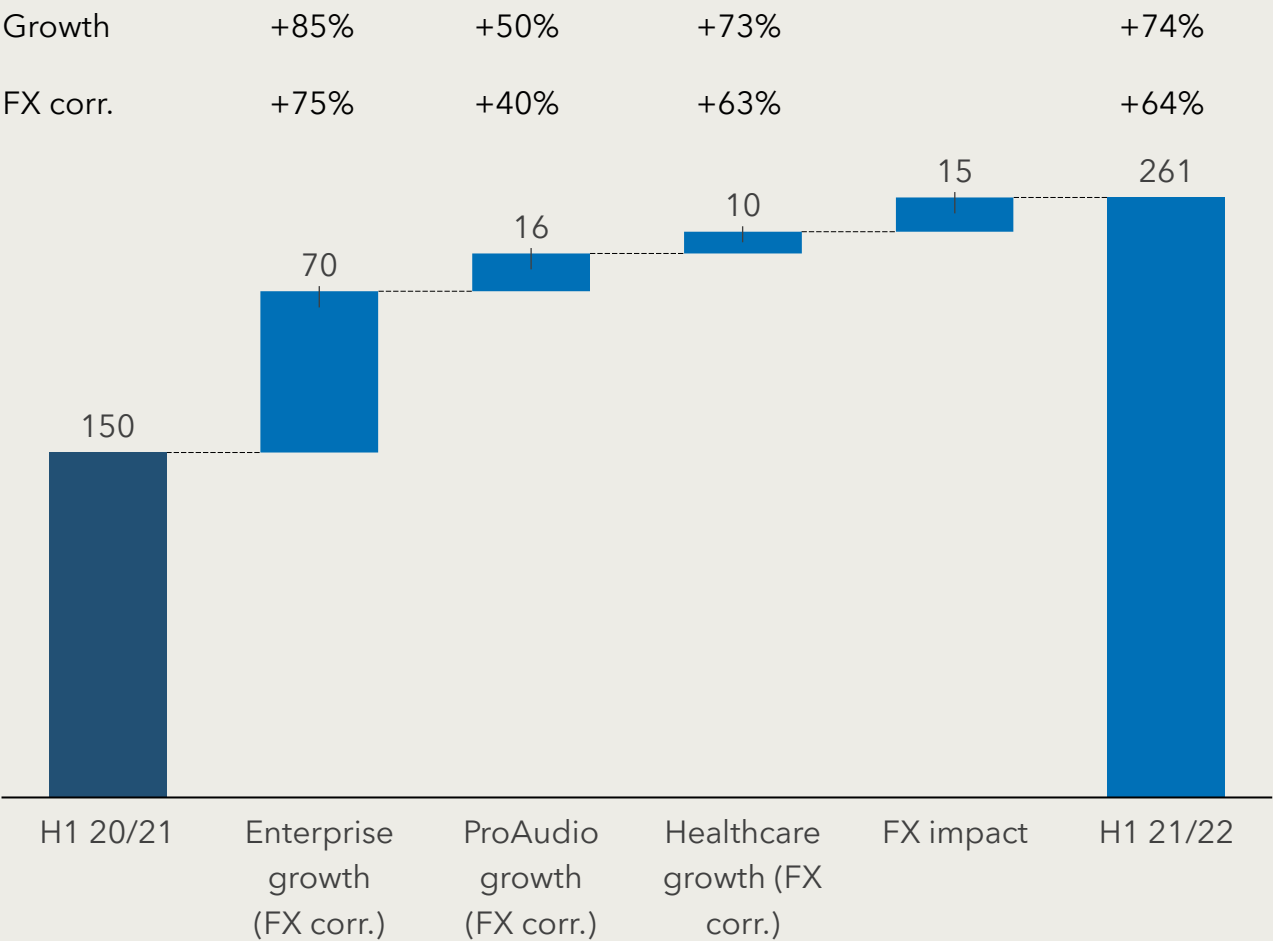
Group P&L Q2 and H1 2021/22

DKK million	Q2 21/22	Q2 20/21	H1 21/22	H1 20/21
Revenue	134.3	88.5	260.7	149.8
Cost of sale	-67.2	-38.7	-133.3	-69.5
Gross profit	67.0	49.8	127.4	80.3
Gross margin %	49.9%	56.3%	48.9%	53.6%
Other external cost	-15.3	-13.1	-31.7	-27.6
Staff cost	-45.1	-48.2	-86.5	-91.1
Value of own work capitalized	5.1	7.5	7.6	15.7
EBITDA	11.7	-4.0	16.7	-22.7
Depreciation, amortization and impairment	-10.0	-7.3	-19.8	-13.9
Operating Profit (EBIT)	1.7	-11.3	-3.1	-36.6

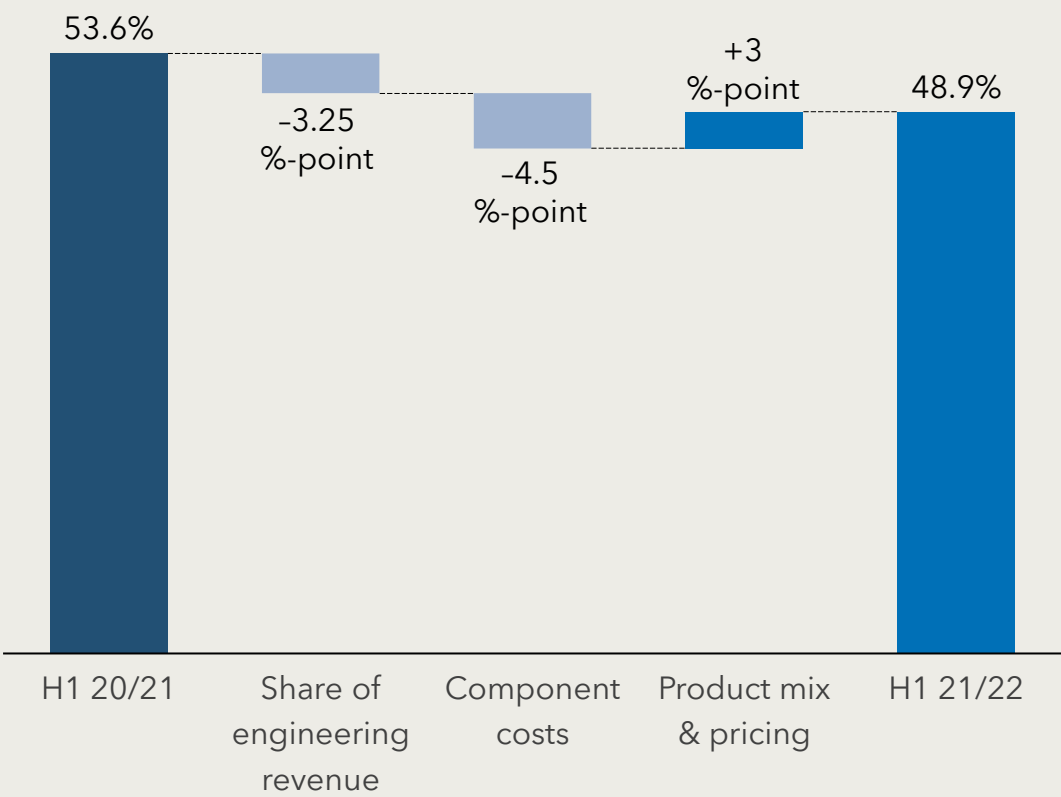
- **Revenue** growth of 52% in Q2 and of 74% in H1 compared to last year. In H1 of last year, demand was significantly impacted by COVID-19 and demand has now rebounded after the pandemic. Component scarcity and other supply chain impediments including temporary lockdowns in China continues to impact deliveries and thus revenue, therefore revenue of DKK ~90 million was postponed from Q2 into Q3 (with DKK ~55 million having been shifted from Q1 into Q2 2021/22, i.e. a net negative impact of DKK ~35 million on revenue in Q2 2021/22). **Enterprise revenue** increased by 43% in Q2 (and by 85% in H1). Growth seen broadly in the segment - especially for the large framework agreement customers. Revenue significantly impacted by component shortages. **ProAudio revenue** increased by 63% in Q2 (and by 50% in H1) as the COVID-19 impact on demand has decreased also in the 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 Q2 also in line with the productization strategy. **Healthcare revenue** increased by 80% in Q2 (and by 73% in H1).
- **Gross margin** in Q2 decreased by ~6 %-points 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 Q2 last year. **Capitalized own development work** is lower than last year partly due to a share 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 Contributing to H1 Growth, while Gross Margin impacted by Component Costs and Share of Engineering Revenue

Revenue H1 21/22 vs. last year (DKK million)



Gross Margin H1 21/22 vs. last year (%)



Group Balance Sheet

DKK million	31 Mar 2022	31 Dec 2021	31 Mar 2021
Assets			
Intangible assets	65.0	66.0	73.7
Tangible assets	85.7	84.7	78.2
Other non-current assets	8.7	8.4	7.8
Inventories	56.6	45.6	26.5
Receivables	137.5	142.1	106.1
Cash and cash equivalents	118.3	128.6	123.3
Total assets	471.7	475.3	415.6
Liabilities			
Equity	286.8	287.6	268.5
Non-current liabilities	72.1	73.8	71.1
Current liabilities	112.9	113.9	76.0
Total equity and liabilities	471.7	475.3	415.6
Equity ratio	60.8%	60.5%	64.6%

- **Intangible assets** is no longer increasing and is expected to now have reached a more stable level.
- **Tangible assets** increased over last year due to investments into test equipment for automated production lines and leasehold improvements.
- **Inventories** increased compared to last year (and also to the previous quarter) 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** 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 Q2 last year due to the earnings over the past 12 months and despite share buy-backs during the past 12 months (DKK 19 million).
- **Current liabilities** increased compared to last year due to the increased activity level.
- Solid **equity ratio** despite share buy-backs over the past year (of DKK 19 million).

Group Cash Flow H1 2021/22

DKK million	H1 21/22	H1 20/21
Cash flow from operations (CFFO)	20.9	9.9
Cash flow from investments ¹⁾	-15.5	14.2
Cash flow from financing activities	-2.7	-54.4
Change in cash	2.6	-30.3

1) Including acquisition of current securities in the trading portfolio in H1 2021/22 with cash impact of DKK -0.7 million (H1 2020/21 sale of current securities with cash impact of DKK 36.7 million).

- Positive **cash flow from operations (CFFO)** in H1. CFFO is higher 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.
- **Cash flow from investments** of DKK -15.5 million in H1 compared to -22.6 million in H1 last year (when excluding cash inflow from sale of current securities in the trading portfolio to fund share buy-backs last year). 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 H1 last year driven by dividend payments and share buy-backs of DKK 51.5 million. No dividend payment or share buy-back program in H1 this year.

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

Appendix:
RTX Business
Model and
Growth Strategy



RTX Business Model for Profitable Growth

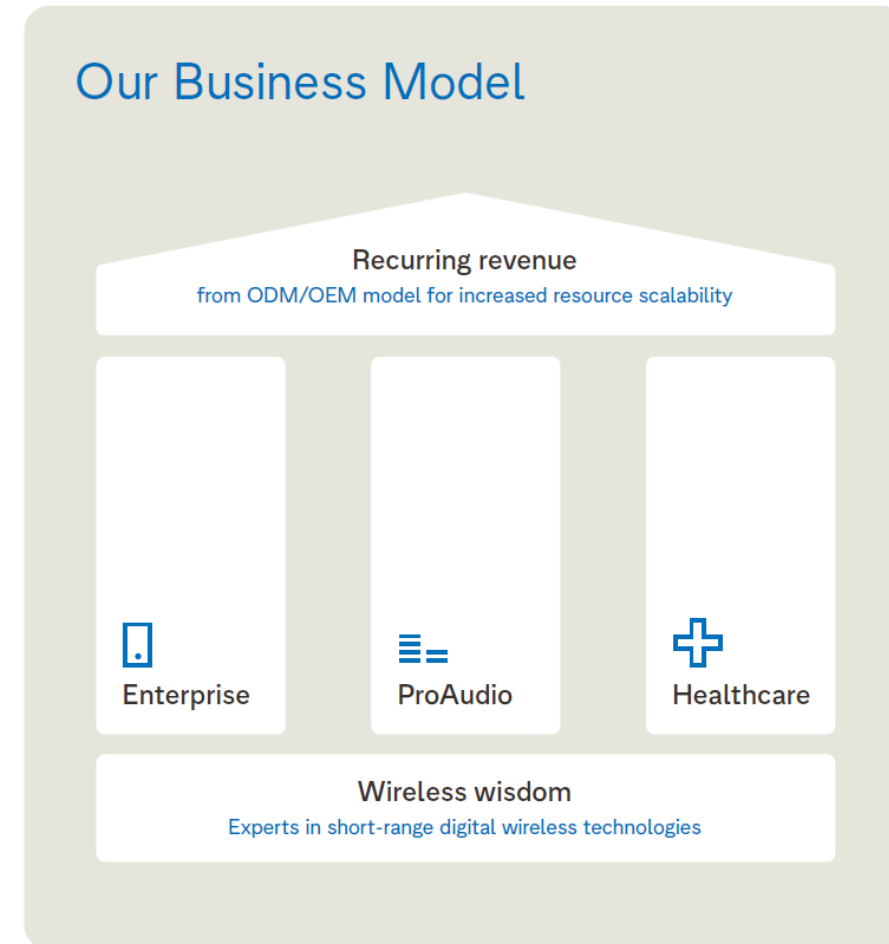
Leverage effect for profitable growth



Deployment in attractive B2B target markets

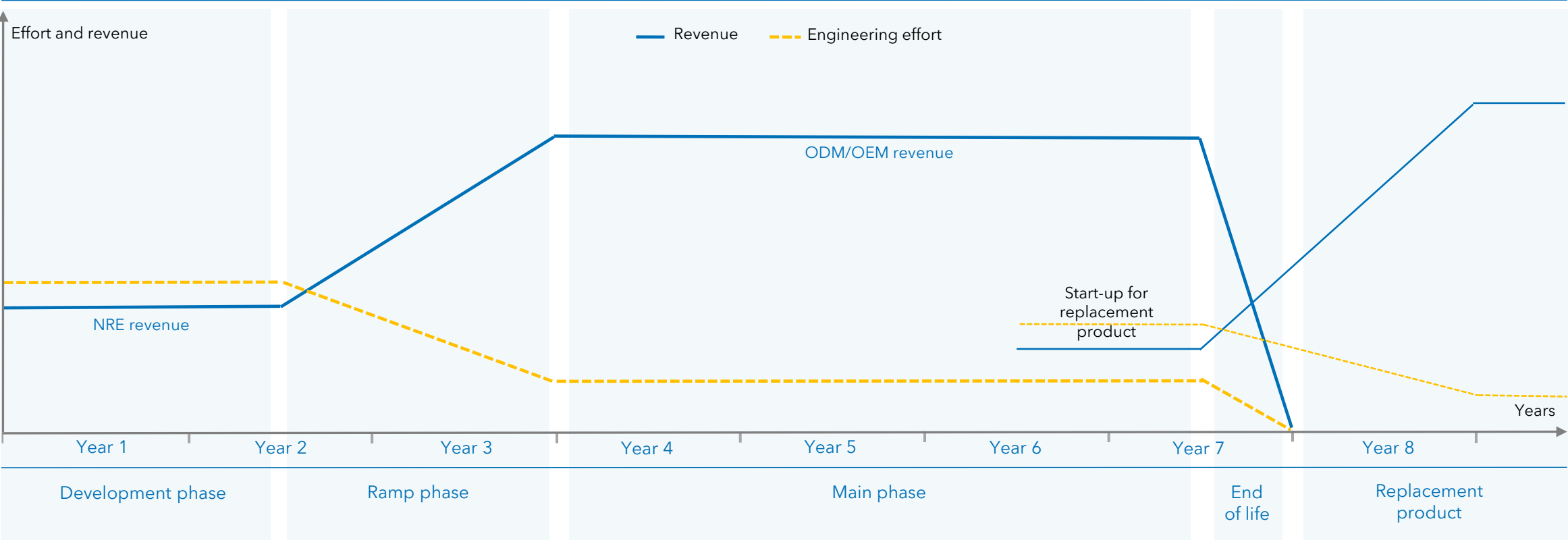


Core capabilities



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

"Older" / "legacy" framework agreements				<ul style="list-style-type: none"> 1. Enterprise 2. Enterprise 3. Enterprise 4. Healthcare <p><i>Reasonably stable customer forecasts (under normal circumstances) from established customers; some, but lower, quarter-on-quarter fluctuations in product sales</i></p>
Framework agreements announced during 2017/18		<ul style="list-style-type: none"> 5. Enterprise 6. Enterprise <p><i>Customer forecasts not yet stable in ramp phase; quarter-on-quarter fluctuations in product sales</i></p>		
Framework agreements announced Q4 2018/19	<p><i>No product sales in development phase (some NRE revenue)</i></p> <ul style="list-style-type: none"> 7. ProAudio 8. Enterprise 			
	Development phase	Ramp phase	Main phase	Main phase - renewed (replacement product)

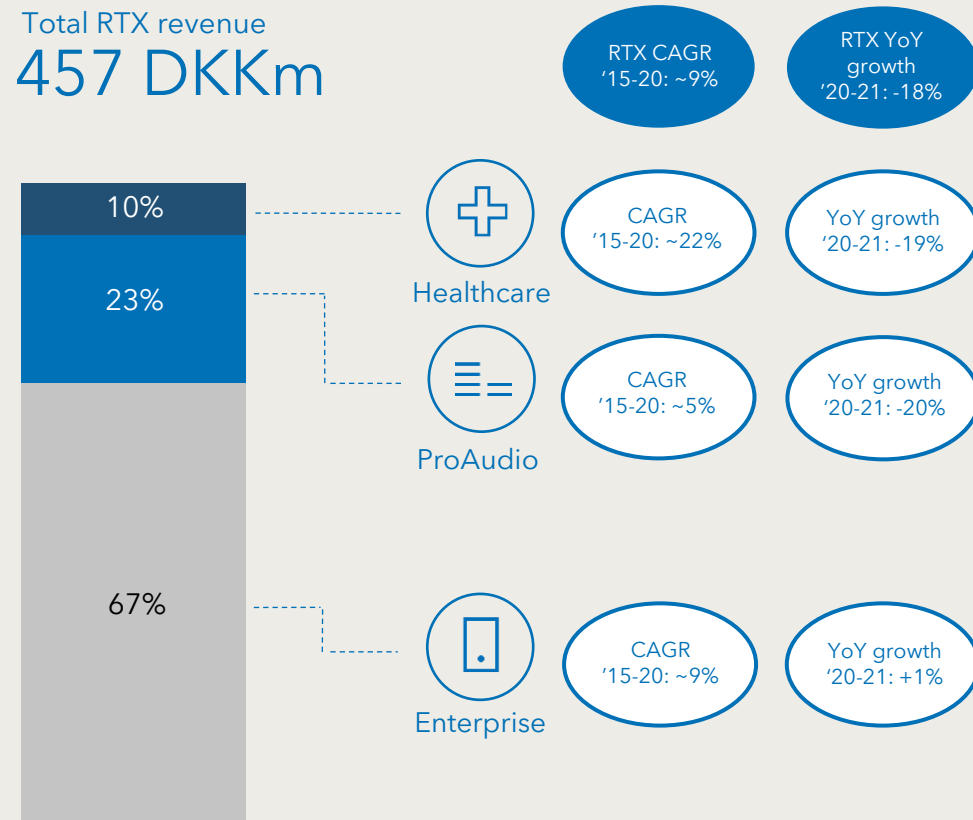
Note: The life cycle stage will vary for individual products for the same customer, the above is therefore an approximation for the "average" life cycle stage for each framework agreement

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 CPM² business: Expanding share of value chain via broadened portfolio and increased production of sub-assemblies
- Expand into decentralized CPM²

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 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).

Thank you for your attention

For further information, please contact CEO Peter Røpke
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