



**ANNUAL REPORT 2018/19**

TRANSFORMING  
WIRELESS WISDOM  
INTO SOLUTIONS

**RTX**  
WIRELESS WISDOM

CVR NO.: 17 00 21 47



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### FINANCIAL STATEMENTS

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# RTX at a Glance

RTX is a global company with +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.

## KEY RTX FACTS

**1993**

Founded in 1993 and headquartered in Denmark

**+1,000**

Projects completed since 1993

**289**

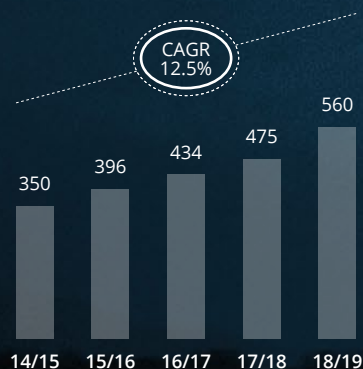
FTEs at September 30, 2019

**+6.8M**

Units of products and modules delivered in 2018/19

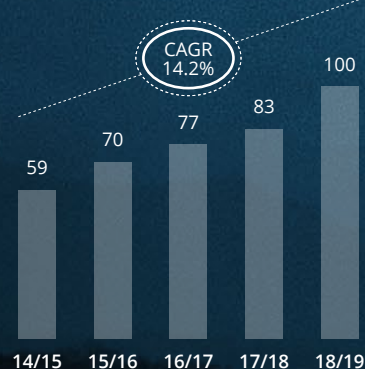
### 5-YEAR REVENUE GROWTH

DKK million



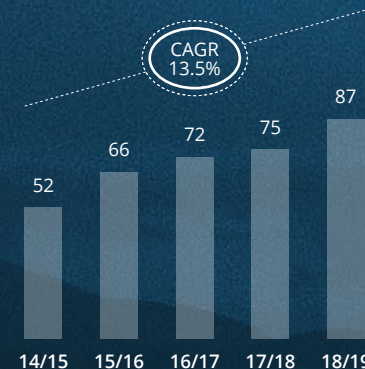
### 5-YEAR EBITDA GROWTH

DKK million



### 5-YEAR EBIT GROWTH

DKK million



# Highlights 2018/19

## REVENUE

DKK million

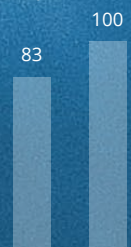


17/18 18/19

**+18%**

## EBITDA

DKK million



17/18 18/19

**+21%**

## CASH (CFFO)

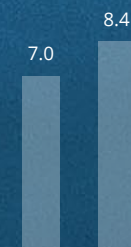
DKK million



17/18 18/19

**+13%**

## EPS



17/18 18/19

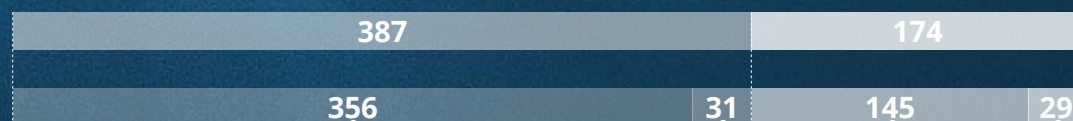
**+19%**

## REVENUE SPLIT

DKK million

### BUSINESS COMMUNICATIONS

### DESIGN SERVICES



ENTERPRISE



B2B HEADSETS



PROAUDIO



HEALTHCARE

## DISTRIBUTION TO SHAREHOLDERS

### PAID DIVIDENDS 2018/19

**17.1 DKKm**

2.0 DKK per share

### SHARE BUY-BACK 2018/19

**27.2 DKKm**

with one programme continuing in 2019/20

### PROPOSED DIVIDENDS JANUARY 2020


**2.5 DKK/SHARE**

+25% compared to 2018/19

### CONTINUED SHARE BUY-BACK 2019/20

**32.8 DKKm**

by continuing ongoing programme and through announced new programme



PETER THOSTRUP  
Chairman of the Board



PETER RØPKE  
President & CEO

DEAR SHAREHOLDER

# Passing the Half Billion Mark

2018/19 was another year of profitable growth for RTX. Both our revenue and earnings developed positively and surpassed our expectations as set out at the beginning of the financial year. The implementation of our strategy continues to drive growth.

We ramped-up activities and sales from the two significant framework agreements signed in 2017/18, and we continued to grow in recurring revenues from product sales in the ProAudio market. Further, we laid the foundation for continued growth by signing new significant framework agreements – one in the Enterprise market and one in the ProAudio market – during Q4 of 2018/19.

With revenue of DKK 560 million, EBITDA of DKK 100 million and EBIT of DKK 87 million, RTX surpassed the expectations for the year as set out at the beginning of the financial year. 2018/19 marks the first year in which RTX generates more than half a billion in revenues. Revenue growth amounted to 18%, all organically, and FX corrected revenue growth amounted to 12%. Earnings also increased with EBITDA growth of 21% and EBIT growth of 16% - corresponding to an EBITDA margin of 17.9%. This translated into an increase in Earnings per Share (EPS) by 19% to DKK 8.4.

## GROWTH STRATEGY EXECUTION

In 2018/19, RTX continued the implementation of our strategy. Building on our unique capabilities within short-range digital wireless technology and focusing on selected B2B market segments, we aim to continue our profitable growth trajectory in all our business areas. We plan to accomplish this by increasing recurring revenues and thereby

strengthen resource scalability through increasing product sales to large customers through framework agreements. In 2018/19, we again took important steps in this strategic direction, and we believe the further implementation of the strategy will continue to yield profitable growth. As part of this strategy we also continued to invest in in-house developed products and technologies such as the business headset programme, new ranges of wireless handsets and base stations as well as the unique Sheerlink™ technology, which will be used in products for the ProAudio market.

Both our business units have developed strongly during 2018/19. Business Communications posted revenue of DKK 387 million corresponding to a growth of 19%. The growth is the result of the execution of our strategy to a) increase market share in the Enterprise market for wireless IP telephony solutions (handsets and bases) through product innovations and by increasing the customer base and to b) execute the adjacency expansion into headsets for the Enterprise market. The two major framework agreements entered into during 2017/18 contributes significantly to the growth in 2018/19. A new framework agreement with yet another large international customer in the Enterprise market was signed during Q4 of 2018/19.

The Design Services business unit realized revenue growth of 15% in 2018/19, reaching DKK 174 million. The growth is driven by the strategy to increase recurring revenue and thus the scalability of resources through increased product sales and royalties within the ProAudio and Healthcare segments. A new framework agreement with a large international customer in the ProAudio market was signed during Q4 of 2018/19.

**“We have been developing and refining RTX’s growth strategy for a number of years – and we are pleased to see the execution of our strategy resulting in profitable double-digit growth”**

Peter Røpke, CEO

Due to the increasing activity level and the capacity necessary to handle further large customers we have also increased the number of employees during the financial year both in Denmark and in our international subsidiaries. The total headcount at the end of 2018/19 is thus 289 FTEs compared to 264 at the end of last year. Of the 25 employees added during the year, 20 were added in Denmark and 5 internationally. The results achieved by RTX – both together with our customers and financially – are very much due to our highly qualified and committed employees who underpin our specialized know-how and skill base. We wish to thank everybody for their strong efforts throughout the past year.

## SHAREHOLDER DISTRIBUTION

RTX continues to generate healthy Cash Flows from Operations (CFFO) also in 2018/19. This has allowed us to continue to return value to our shareholders both through dividend distribution and share buy-back programmes during 2018/19. The ambition is to continue to create value for our shareholders by balancing our capital resources between investments for growth and returning cash to shareholders

through a combination of dividends and share buy-back programmes.

Based on the positive results in 2018/19, the solid capital structure of RTX and management's expectations for the future, the Board of Directors recommends a dividend of DKK 2.50 per share be adopted at the Annual General Meeting in January 2020. This is an increase in dividends of 25% per share compared to the previous financial year. Additionally, the Board of Directors has decided to initiate a further share buy-back programme to commence upon completion of the current programme under execution. This further share buy-back programme will be executed during the period 1 January 2020 to 30 June 2020 for an amount up to DKK 20 million.

## EXPECTATIONS FOR THE FUTURE

As mentioned, RTX's strategy centers on utilizing our unique capabilities within short-range digital wireless technology to create recurring revenue in three selected B2B target markets across our two business units:

- Enterprise: RTX aims to expand its leadership position in IP telephony products and solutions and continue to drive market consolidation by benefitting from customer outsourcing of products and solutions via our pure play ODM/OEM model leading to long-term framework agreements with large customers. Further, RTX will leverage this position into the adjacent Enterprise Headset market for call center and offices offering our customers unique interconnectivity and attractive ODM/OEM solutions.

- ProAudio: Leveraging our vast knowledge and experience from developing wireless solutions into a flexible technology platform, RTX will increase recurring revenue and resource scalability through ODM/OEM product sales in framework agreements. Our platform offers customers an attractive value proposition through short time to market and an attractive cost of entry.
- Healthcare: Increasing the scope of wireless solutions for patient monitoring supplied to our customer base to further develop this ODM business.

Continuing the implementation of this strategy, management expects revenue in the DKK 620-650 million range, EBITDA in the DKK 105-120 million range and EBIT in the DKK 75-90 million range for the financial year 2019/20 considering the risk elements – including US dollar exposure – as further described in the sections on “Outlook 2019/20” and “Risk Management”. As also further described in our section on “Long-term Financial Ambitions”, we have the longer-term financial ambition to continue a significant growth rate and earnings level also in the coming 3-year period.

On this note, we would like to thank our employees and stakeholders for your hard work and support in 2018/19, and we look forward to continuing our journey together.

**PETER THOSTRUP**  
Chairman

**PETER RØPKE**  
President & CEO

“The ramp-up under the framework agreements signed in 2017/18 will continue. Additionally, we are pleased that we have signed two further framework agreements – one within Enterprise and one within ProAudio – towards the end of 2018/19, confirming the trust our customers have in our wireless capabilities and laying the basis for further growth.”

Peter Røpke, CEO



# Accomplishments & Results 2018/19

# Main Events 2018/19



## RAMP-UP OF SALES UNDER ENTERPRISE FRAMEWORK AGREEMENT SIGNED 17/18

The framework agreement entered into during 2017/18 with a large global player, with well-established sales channels, resulted in first deliveries of products during Q2 of 2018/19 with ramp-up of sales from Q3 and onwards. Further Enterprise products are being added and sales are expected to continue in the ramp-up phase over the coming financial year as well.



## MAJOR CUSTOMER LAUNCH UNDER HEADSET FRAMEWORK AGREEMENT SIGNED 17/18

In December 2018, our customer under a headset framework agreement, signed during 2017/18, made its large-scale international launch of the headsets thereby kicking off the ramp-up phase of headset sales under the agreement.



## ANOTHER ENTERPRISE FRAMEWORK AGREEMENT RENEWED

During 2018/19, RTX bolstered our position in the Enterprise market by renewing and adding new products to the framework agreement with one of our long-term and largest partners. The new products continue to be developed and launch is expected during 2019/20 securing continued recurring revenues from this long-standing partnership for a new multi-year period.



## FURTHER NEW ENTERPRISE FRAMEWORK AGREEMENT SIGNED IN Q4

Towards the end of 2018/19, yet another important framework agreement was signed with a leading global brand in the Enterprise market with very strong sales channels. The agreement encompasses RTX handsets and multicell bases integrated with our customer's solution. Development activities will be ongoing during 2019/20 prior to initiation of product sales under the agreement.



### NEW PROAUDIO FRAMEWORK AGREEMENT SIGNED IN Q4

An important steppingstone in continuing the development towards recurring revenue in our ProAudio segment was the signature during Q4 2018/19 of an important development and ODM product delivery agreement utilizing RTX's conference technology platform with a large international group as our customer. The development will take place during 2019/20 and then result in recurring product sales.



### ADDITIONAL HEALTHCARE DELIVERY AGREEMENT

In agreement with a long-standing healthcare customer, RTX will take over supply of a wireless transmission product thereby extending the scope of our healthcare deliveries. The development of the necessary test equipment is ongoing, and sales of the product is expected to begin during the second half of 2019/20.



### RTX ENTRY INTO MID CAP SEGMENT

On 2 January 2019, RTX was elevated to being a Mid Cap segment company at Nasdaq Copenhagen Stock Exchange after previously having been a Small Cap segment company.



### NEW MANAGEMENT TEAM MEMBERS

During the year, the Management Team of RTX was completed with the addition of Carsten Møller as Head of Supply Chain and Morten Axel Petersen as CFO and Executive Board member. The Management Team now consists of Peter Røpke, CEO, Morten Axel Petersen, CFO, Peter Christensen, Head of Business Communications, Jens Christian Lindof, Head of Design Services and Carsten Møller, Head of Supply Chain.

# 2018/19 Performance

RTX surpassed the original guidance from the beginning of the year and delivered on the guidance that was upgraded during the financial year.

## REVENUE

RTX realized Group revenue of DKK 560 million in 2018/19 corresponding to an increase of 18% (2017/18: DKK 475 million). FX corrected growth was 12% compared to last year. Both business units contributed positively to the revenue growth based on the successful implementation of the Group's growth strategy. Further, revenue was positively impacted by the implementation of IFRS 15 slightly advancing the point in time for revenue recognition in some situations.

Business Communications achieved revenue growth of 19% to DKK 387 million (2017/18: DKK 325 million) driven both by continued growth within wireless IP telephony for Enterprise customers and by the adjacency expansion into

Enterprise headsets. The large framework agreements announced in 2017/18 contributed to the growth. FX corrected revenue growth was 12%.

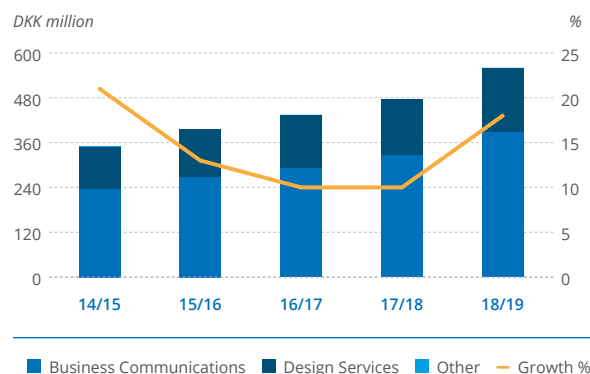
Design Services posted revenue of DKK 174 million equivalent to a growth of 15% (2017/18: DKK 150 million) mainly driven by increased recurring revenues from ODM product sales and royalties primarily in the ProAudio segment with only a smaller increase in revenue from customer financed projects (engineering revenues). FX corrected revenue growth was 12%.

20% (2017/18: DKK 265 million). The gross margin increased to 56.6% in 2018/19 compared to 55.7% last year due to the product mix realized and a higher share of royalty income partly offset by a higher share of product sales relative to customer financed projects. RTX's Supply Chain organization continues to focus on achieving cost improvements in costs of goods sold for products in cooperation with our suppliers of Electronic Manufacturing Services.

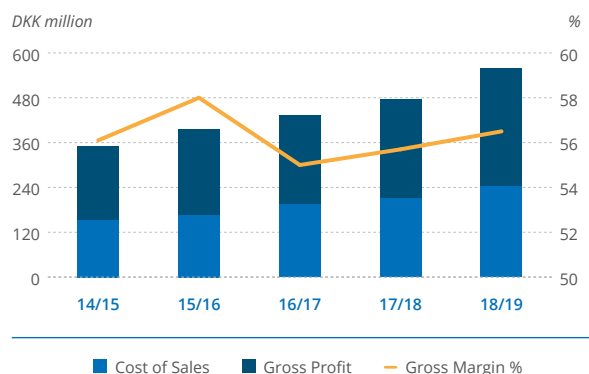
## CAPACITY COSTS

The increase in activity level also leads to increased capacity costs reaching DKK 233 million in 2018/19 (2017/18: DKK 198 million), an increase of 18%. The higher capacity costs are mainly driven by ramping-up capacity in order to execute the new major framework agreements announced

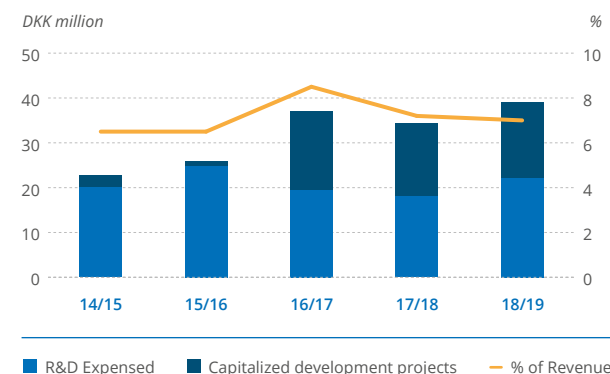
### REVENUE BY SEGMENT



### GROSS PROFIT



### RESEARCH & DEVELOPMENT COST



during 2017/18, and by continuing to build the organization and the infrastructure necessary for further growth. Therefore, the average number of FTEs increased to 277 in 2018/19 (2017/18: 246) including employees hired-in. The number of employees at year-end 2018/19 (including employees hired-in) increased to 289 FTEs (2017/18: 264 FTEs) of which 195 are employed in Denmark (2017/18: 175) and 94 are employed internationally (2017/18: 89).

### CAPITALIZED DEVELOPMENT PROJECTS, DEPRECIATION AND AMORTIZATION

In Business Communications, RTX continued to invest in development of headsets with a focus on B2B wireless headsets as well as IP telephony products in 2018/19. In Design Services, RTX invested in various modules and software related to the Sheerlink™ product platform in ProAudio as well as in the gaming platform during 2018/19. This resulted in R&D costs of DKK 39 million in 2018/19 of which DKK 17

million were capitalized (2017/18: DKK 16 million capitalized). The level of R&D costs reflects RTX's growth strategy to turn our wireless and audio capabilities into products and technology platforms leading to increased recurring revenue from product sales and royalty. The Group's amortization and depreciation charge amounted to DKK 13 million (2017/18: DKK 8 million) – of which 6 million were depreciations (2017/18: DKK 5 million) and 7 million were amortizations (2017/18: DKK 3 million).

### OPERATING PROFITS – EBITDA & EBIT

The revenue growth achieved in 2018/19 continued to be profitable and therefore led to increased operating earnings. EBITDA increased by 21% to DKK 100 million (2017/18: DKK 83 million) while EBIT increased by 16% to DKK 87 million (2017/18: DKK 75 million). EBIT is impacted by the increased level of amortization due to the increased in-house development of products and product platforms over the latest years.

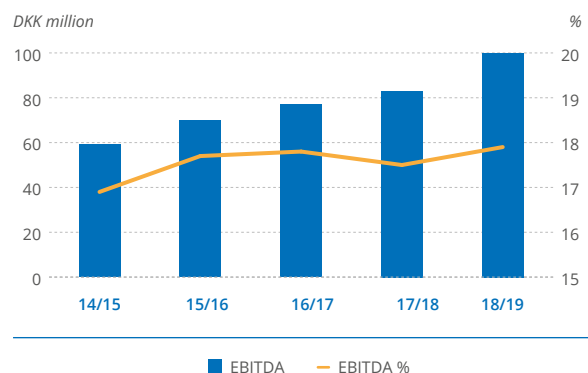
### FINANCIAL EXPECTATIONS AND RESULTS 2018/19:

DKK million	Realized	Original guidance 27 Nov 2018	Updated guidance 19 Aug 2019
Revenue	560	520-550	550-565
EBITDA	100	85-100	90-100
EBIT	87	65-80	77-87

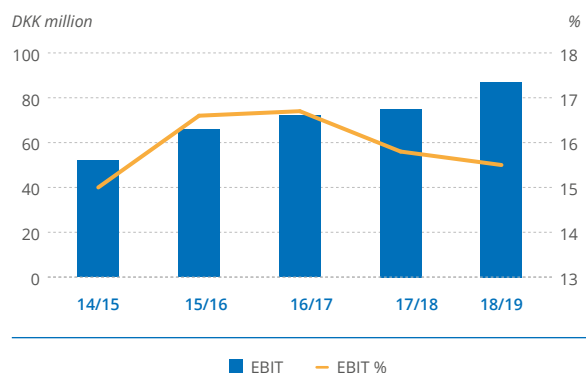
### FINANCIAL ITEMS, TAX, NET PROFIT & EPS

Net financials amounted to an income of DKK 5 million in 2018/19 (2017/18: DKK 1 million) primarily related to the developments in the Group's securities portfolio. The effective tax rate for 2018/19 was 22% (2017/18: 21%) with a tax recognition of DKK 20 million compared to DKK 16 million last year. After the effects from deferred taxes, the expect-

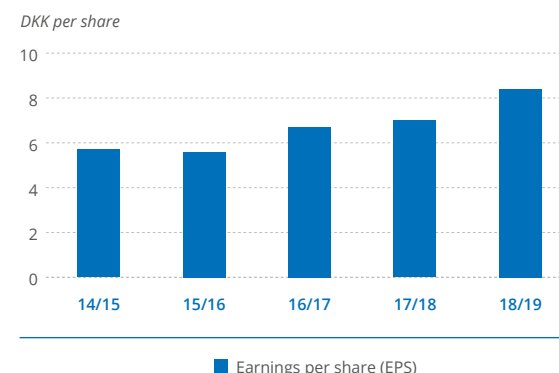
#### EBITDA & EBITDA-MARGIN



#### EBIT & EBIT MARGIN



#### EARNINGS PER SHARE (EPS)



ed liquidity effects of the tax payment amount to DKK 10 million (2017/18: DKK 4 million).

With the above financial items and taxes recognized, net profit after tax amounted to DKK 71 million (2017/18: DKK 60 million), an increase of 19%. This net profit translates into Earnings per Share (EPS) of DKK 8.4 in 2018/19 compared to DKK 7.0 last year.

### CASH FLOW

RTX continued to realize positive cash flow from operations (CFFO) of DKK 108 million in 2018/19 (2017/18: DKK 96 million). Cash flow from operations is positively affected by the solid earnings performance.

The operating cash flows generated were re-invested into future growth options via investment in capitalized development projects and fixed assets for a total amount of DKK 21 million (2017/18: DKK 28 million). Further, cash

generated was returned to shareholders via dividends of DKK 17 million, corresponding to 2 DKK per share, and via two share buy-back programmes – one of which continues until December 2019 – for a total amount of DKK 27 million in 2018/19 (2017/18: DKK 19 million).

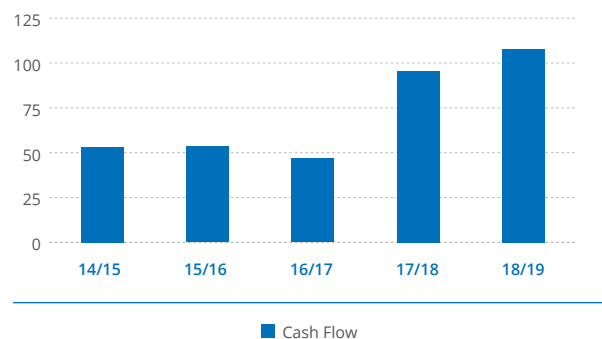
### ASSETS, EQUITY AND LIABILITIES

At the end of 2018/19, the Group's total assets amounted to DKK 463 million compared to DKK 423 million at the end of last year due to higher intangible assets with larger capitalized development projects, and due to higher investments in the current security portfolio. Total equity was DKK 347 million at the end of 2018/19 (2017/18: DKK 312 million) corresponding to an equity ratio of 75% (2017/18: 74%). Equity is positively impacted by the solid earnings and negatively impacted by shareholder-related activities from dividend distribution and share buy-back programmes. The Group's return on invested capital (ROIC) was 75% in 2018/19 compared to 70% in 2017/18.

The Group's total net liquidity position (total cash funds plus current securities less bank debt) increased to DKK 227 million at the end of 2018/19 (2017/18: DKK 183 million) positively impacted by cash generated from operations and negatively by investments and distributions to shareholders via dividends and share buy-back.

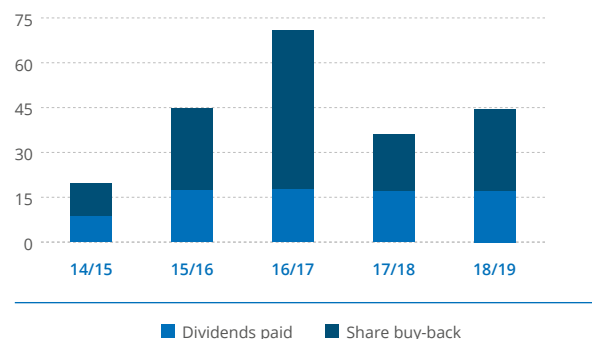
#### CASH FLOW FROM OPERATIONS (CFFO)

DKK million



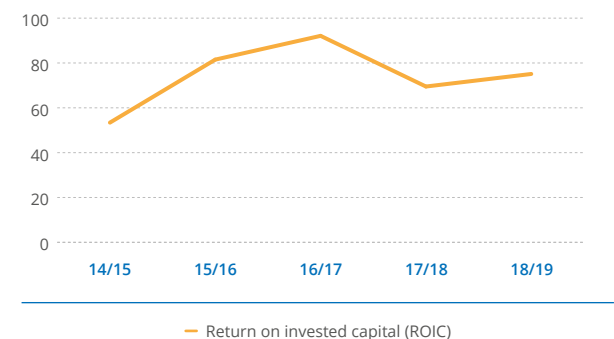
#### DISTRIBUTIONS TO SHAREHOLDERS

DKK million



#### RETURN ON INVESTED CAPITAL (ROIC)

%



# Financial Highlights for the Group

Amounts in DKK million	2018/19	2017/18	2016/17	2015/16	2014/15
<b>INCOME STATEMENT ITEMS</b>					
Revenue	560.3	475.3	433.5	395.6	349.5
Gross Profit	316.9	264.8	238.5	229.4	196.2
EBITDA	100.2	83.1	77.2	70.0	59.0
EBITDA %	17.9%	17.5%	17.8%	17.7%	16.9%
Operating profit/loss (EBIT)	86.7	74.9	72.3	65.8	52.3
Net financials	4.6	1.4	-1.9	2.7	0.7
Profit/loss before tax	91.3	76.3	70.4	68.5	53.0
Profit/loss for the year	71.4	60.0	58.2	49.5	48.9
<b>BALANCE SHEET ITEMS</b>					
Cash and current asset investments	226.7	182.6	151.3	202.5	136.9
Total assets	463.3	422.7	353.0	355.4	343.1
Equity	347.4	312.0	283.0	280.6	265.9
Liabilities	115.8	110.7	70.0	74.9	77.2
<b>OTHER KEY FIGURES</b>					
Development cost financed by RTX before capitalization	39.0	34.3	36.9	25.9	22.7
Capitalized development cost	16.8	16.3	17.4	1.0	2.7
Depreciation and amortization	13.5	8.3	4.9	4.2	6.7
Cash flow from operations <sup>1</sup>	107.7	95.7	46.7	53.4	53.2
Cash flow from investments	-52.4	-29.2	-37.0	24.4	-46.5
Investment in property, plant and equipment	5.4	8.4	8.9	5.8	3.1
Increase/decrease in cash and cash equivalents	10.9	30.3	-61.4	27.9	-11.0

Note: The Group's financial year runs from October 1 to September 30.

The calculation of the financial highlights is described in note 30, Accounting principles applied.

Figures prior to 2018/19 have not been restated to reflect new accounting policies, IFRS 9 and IFRS 15, implemented for 2018/19.

Amounts in DKK million	2018/19	2017/18	2016/17	2015/16	2014/15
<b>KEY RATIOS</b>					
Growth in net turnover (percentage)	17.9	9.7	9.6	13.2	21.2
Profit margin (percentage)	15.5	15.7	16.7	16.6	15.0
Return on invested capital <sup>2</sup> (percentage)	75.1	69.5	92.1	81.5	53.4
Return on equity (percentage)	21.6	20.2	20.7	18.1	19.8
Equity ratio	75.0	73.8	80.2	78.9	77.5
<b>EMPLOYMENT</b>					
Average number of full-time employees	277	246	227	193	171
Hereof average no. employed directly	253	226	207	178	165
Revenue per employee (DKK '000)	2,023	1,932	1,910	2,050	2,044
Operating profit per employee (DKK '000)	313	304	318	341	306
<b>SHARES (NUMBER OF SHARES IN THOUSANDS)</b>					
Average number of shares in distribution	8,545	8,556	8,735	8,809	8,621
Average number of diluted shares	8,633	8,691	8,916	9,014	9,084
<b>SHARE DATA, DKK PER SHARE AT DKK 5</b>					
Profit/loss for the year (EPS), per share	8.4	7.0	6.7	5.6	5.7
Profit/loss for the year, diluted (DEPS), per share	8.3	6.9	6.5	5.5	5.4
Dividends, per share	2.5	2.0	2.0	2.0	2.0
Equity value, per share	41.0	36.4	32.9	31.6	30.7
Listed price, per share	164.0	179.6	180.0	113.0	87.0

<sup>1</sup> 2014/15 exchange rate adjustments were presented as cash flow from operations. From 2015/16 and onwards, exchange rate adjustments are presented as a separate line item under cash and cash equivalents.

<sup>2</sup> Key ratios regarding 2014/15, 2015/16 and 2016/17 were restated in 2017/18.

# Outlook 2019/20

RTX expects continued growth in revenue and EBITDA in 2019/20.

Based on a robust strategy to generate recurring revenues, solid long-term customer relationships and a continued inflow of new customers, RTX expects revenue growth in excess of 10% in 2019/20. In Business Communications, the growth is expected to be driven by continued ramp-up under the framework agreements signed in 2017/18 and by the new framework agreement signed in Q4 2018/19. In Design Services, the growth is expected to follow from increased ODM product sales within both ProAudio and Healthcare.

Given the nature of the expected growth from framework agreements under ramp-up as well as from new framework agreements being started up, it is expected that the revenue and earnings distribution over 2019/20 will be relatively backloaded towards the end of the year.

While the forecasted increase in revenue and activity is expected to increase capacity costs for ramping-up capacity to execute the latest major framework agreements in Business Communications and to drive the transition towards higher ODM product sales via framework agreements in Design Services, it is also expected to drive an improvement in EBITDA in 2019/20. The investments in RTX platforms and products via capitalized R&D costs over the last years are expected to lead to increased amortizations

which are expected to impact EBIT in 2019/20. Further, the RTX Group will implement IFRS 16 regarding capitalization of leasing costs in our accounts from 2019/20. This is expected to have a positive impact on EBITDA, a small positive impact on EBIT and a very small negative impact on profit before tax in 2019/20 compared to the accounting policies of the previous years. Please refer to note 1 to the financial statements 2018/19 later in this report for further information on expected IFRS 16 effects.

Thus, management expects revenue between DKK 620-650 million, EBITDA between DKK 105-120 million and EBIT between DKK 75-90 million for 2019/20, where especially EBIT should be seen in the light of an increased investment level in RTX products and platforms over the previous years to support the strategic direction towards increased recurring revenue. The above outlook is based on IFRS 16 implemented into the accounting principles. Also, the outlook is based on the expectations that especially the market sensitive macroeconomic elements across the globe will remain reasonably stable at the current level and conditions meaning that RTX's current business environment will remain largely intact. Further, it is based on expected exchange rates for FY 2019/20.

## OUTLOOK 2019/20, RANGE OVERVIEW

DKK million	LOW	HIGH
<b>REVENUE</b>	<b>620</b>	<b>650</b>
<b>EBITDA</b>	<b>105</b>	<b>120</b>
<b>EBIT</b>	<b>75</b>	<b>90</b>

## ANNUAL IMPACT ON OPERATING PROFIT OF A 5% INCREASE ON CURRENCY

Key currencies	DKK MILLION
<b>USD</b>	<b>12</b>
<b>EUR</b>	<b>3</b>
<b>HKD</b>	<b>-2</b>

## FINANCIAL CALENDAR 2019/20

### Q1 2019/20 & AGM

January 23 2020

### Q2 2019/20

April 28 2020

### Q3 2019/20

August 25 2020

### Annual report 2019/20 incl. Q4

November 24 2020

## FORWARD LOOKING STATEMENTS

This Annual Report contains statements regarding expectations for the future development of RTX A/S, in particular the direction of future product development, future sales and revenue, operating profits 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 Annual Report. Factors that might affect such expectations include, among others, rapid technological changes and evolving markets, overall economic and business conditions, fluctuations in currencies, demand for RTX's services, competitive factors in the market and uncertainties concerning possible investments.

# Long-Term Financial Ambitions

Further execution of growth strategy expected to lead to profitable growth.



ORGANIC REVENUE GROWTH

**AVERAGE OF  
13-16% P.A.  
UNTIL 2021/22**

## ORGANIC REVENUE GROWTH

Based on our strategy of deploying our wireless wisdom in selected B2B target markets for growth via recurring revenues, and based on execution of existing and new framework agreements, it is the ambition of RTX to grow revenues organically by an average of 13-16% p.a. in the period up to and including the fiscal year 2021/22.



EBITDA MARGIN

**18-20%  
BY 2021/22**

## EARNINGS (EBITDA MARGIN)

With our long-term revenue growth ambitions, and with the leverage effect on the scalability of our resources from increased recurring revenues, it is the ambition of RTX to achieve an EBITDA margin of 18-20% by the completion of the fiscal year 2021/22. This ambition reflects inclusion of the effect of the implementation of IFRS 16 regarding leasing.

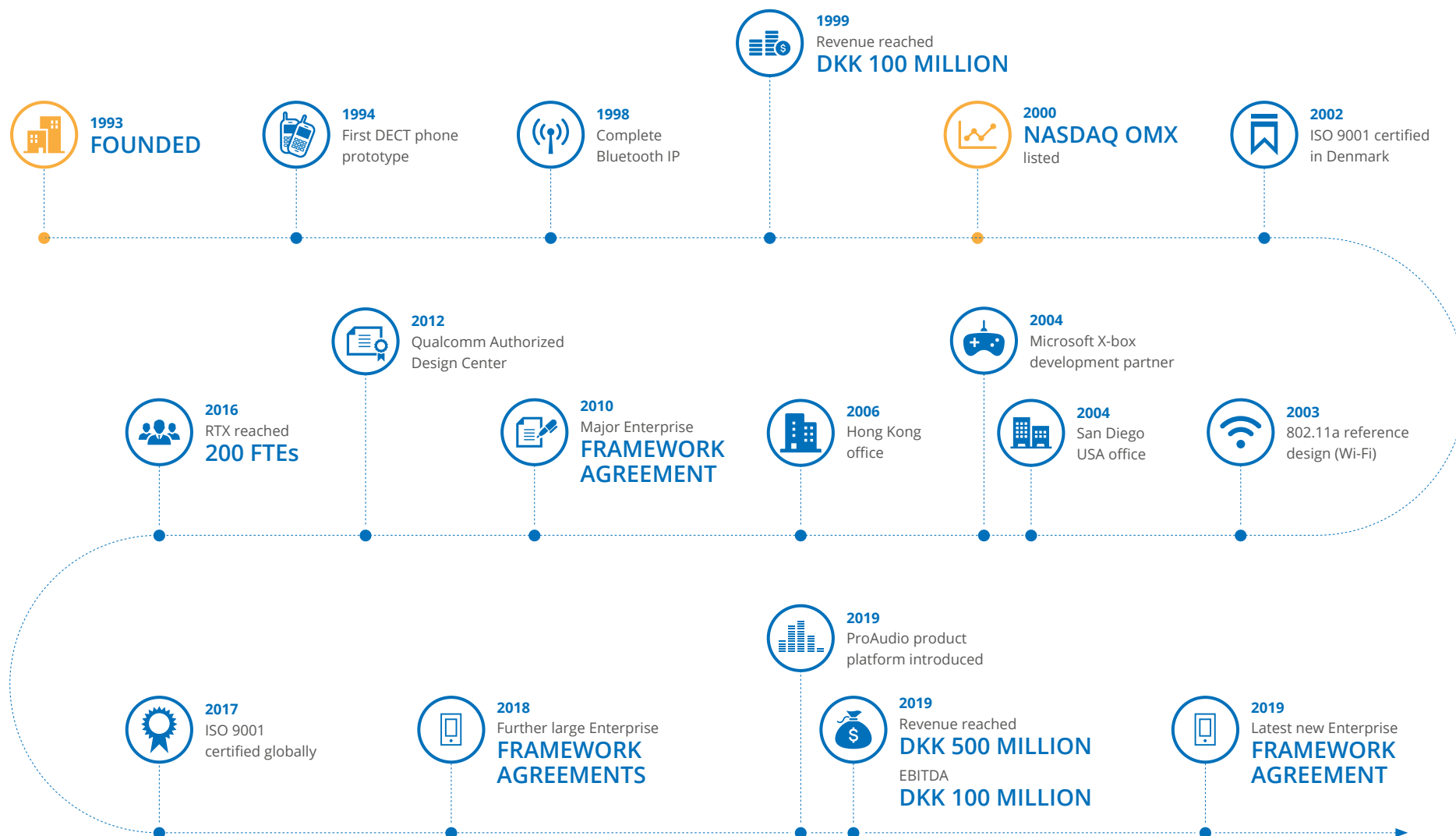


## ASSUMPTIONS

The long-term revenue and earnings 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 environment, where major developments may also impact the ambitions. The ambitions are also based on stable raw material prices and supply chain performance and availability. Also, note that the long-term financial ambitions are until/by the fiscal year 2021/22 and in the interim years growth rates and margins realized may vary from year to year.

# Our Business

# Key Achievements



# Business Model for Continued Profitable Growth

RTX's unique core capabilities – our *Wireless Wisdom* – are deployed across multiple attractive B2B target markets via an ODM/OEM model. This secures recurring revenue, increased resource scalability and ultimately profitable growth.

## LEVERAGE EFFECT FOR PROFITABLE GROWTH

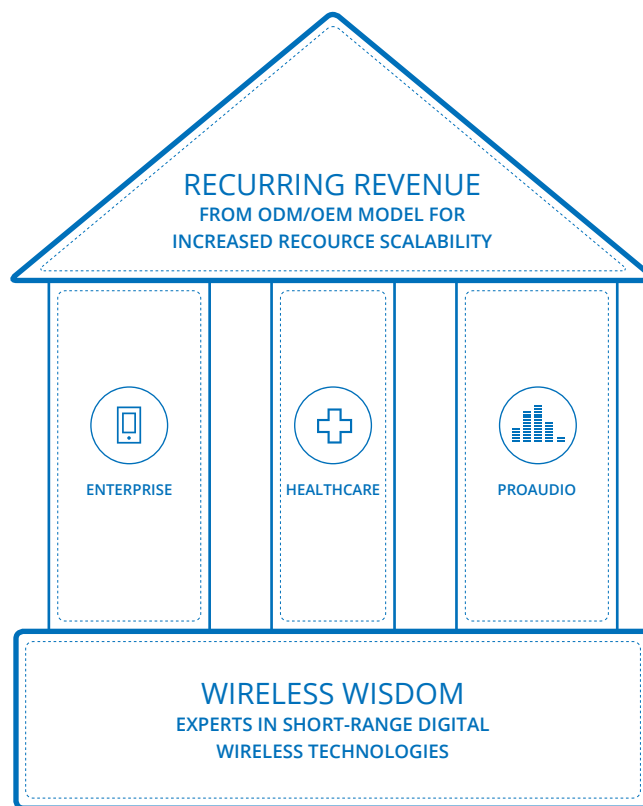
By increasing product sales to large customers, through framework agreements, we are able to increase recurring revenues and strengthen resource scalability. The tried and tested ODM/OEM model originated in Enterprise was later adapted in Healthcare and is now also the focus in ProAudio.

## DEPLOYMENT IN ATTRACTIVE B2B TARGET MARKETS

Taking a customer-centric approach, understanding market trends and acting as a professional partner are integral parts of how we do business at RTX. We believe that we provide a true value proposition and best results when collaborating closely with our customers in our B2B target markets.

## CORE CAPABILITIES

RTX's expertise in short-range digital wireless technologies has been the backbone of our success for more than 25 years. Our heritage has provided us with a unique combination of software and hardware capabilities, including patented solutions, to be leveraged in both modules and finished products.



## HOW WE WORK



### SPECIFICATION AND DESIGN

At RTX, we start by truly understanding customer requirements and user needs. This is accomplished by focusing on the 'why' and not only the 'what'. We combine this insight with our wireless know-how into a Product Requirement Specification. Our engineering teams then design the optimal solution based on a combination of software, hardware and mechanics. Combined with our list of patented solutions and in-house developed protocols, we ensure our customers a compelling result.



### DEVELOPMENT AND INTEGRATION

In close collaboration with our customers, following agile development practices, we develop prototypes to evaluate system performance in-house. We build on our extensive wireless and audio capabilities and integrate each design at system level so that every component and sub-system works perfectly, evaluating performance against test cases for the fully integrated system.



### TESTING AND CERTIFICATION

Based on years of experience, our in-house pre-test services reduce time to market and decrease approval and certification costs for our customers. If required, we can also handle the full type approval service for our customers.



### PRODUCTION AND SUPPLY CHAIN MANAGEMENT

Using a well-established network of ISO9001, SO14001, ISO13485, TS16949 and AS9100 certified manufacturers, we guarantee production through the entire product life-cycle.

# Business Areas

## Enterprise

In the Enterprise segment, RTX designs, develops, and supplies wireless IP telephony solutions used in communication systems for professional use, e.g. in office environments, call centers, retail or storage facilities etc. The wireless IP telephony solutions are supplied on both an ODM and an OEM basis.

## B2B Headsets

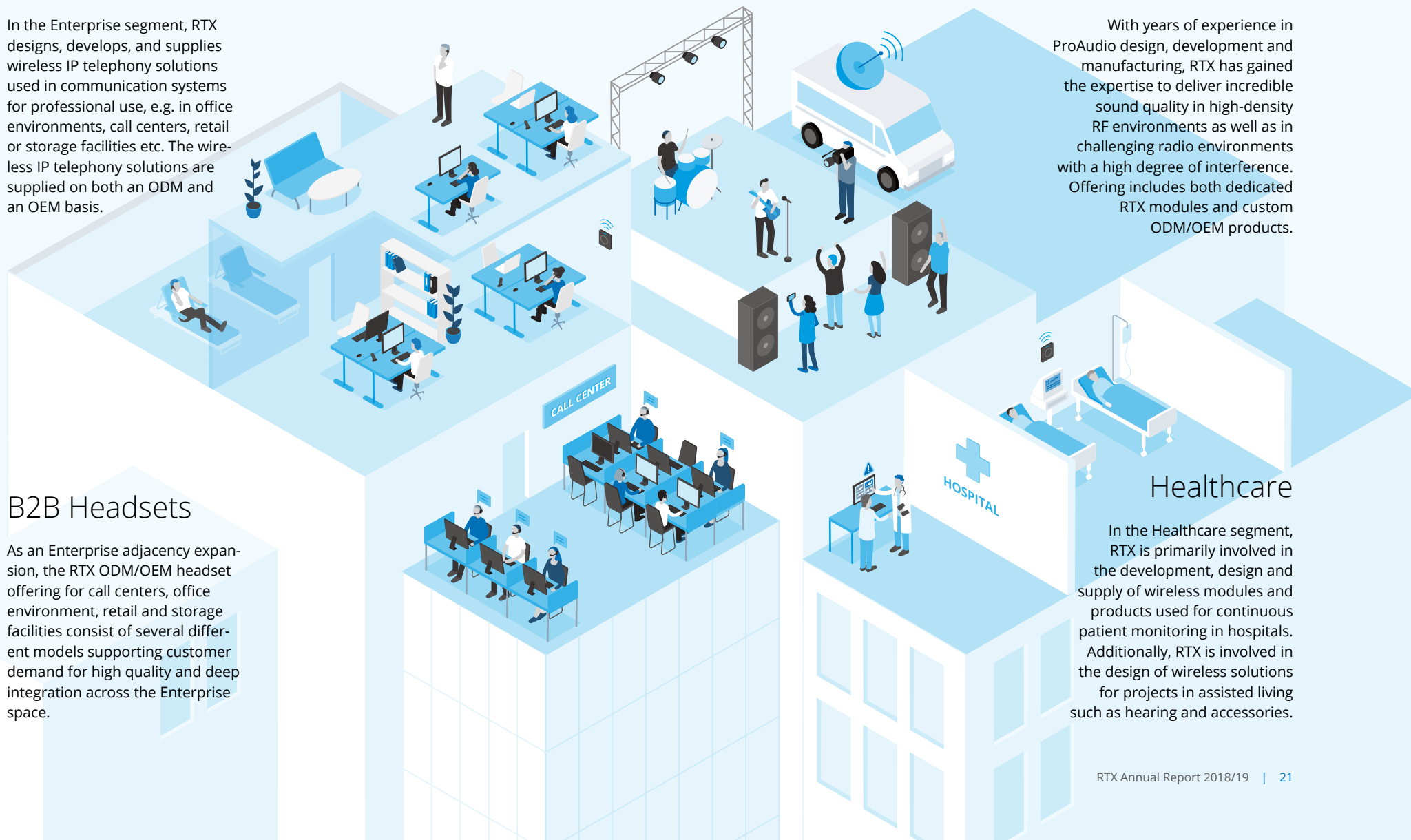
As an Enterprise adjacency expansion, the RTX ODM/OEM headset offering for call centers, office environment, retail and storage facilities consist of several different models supporting customer demand for high quality and deep integration across the Enterprise space.

## ProAudio

With years of experience in ProAudio design, development and manufacturing, RTX has gained the expertise to deliver incredible sound quality in high-density RF environments as well as in challenging radio environments with a high degree of interference. Offering includes both dedicated RTX modules and custom ODM/OEM products.

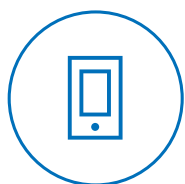
## Healthcare

In the Healthcare segment, RTX is primarily involved in the development, design and supply of wireless modules and products used for continuous patient monitoring in hospitals. Additionally, RTX is involved in the design of wireless solutions for projects in assisted living such as hearing and accessories.



# Strategic Priorities

To unfold our business model for profitable growth, RTX's strategy entails a number of key priorities.



## ENTERPRISE

### EXPAND LEADERSHIP IN ENTERPRISE

RTX aims to expand its leadership position in IP telephony products and solutions and continue to drive market consolidation. Via our pure play ODM/OEM model, and with focus on system integration as competitive advantage, we benefit from customer outsourcing of products and solutions, which ensures recurring revenue via long-term framework agreements with large customers.

Further, RTX will leverage Enterprise leadership position and sector expertise to establish a presence in adjacencies, e.g. B2B headsets.



## ENTERPRISE ADJACENCIES

### ESTABLISH A PRESENCE IN ENTERPRISE ADJACENCIES, E.G. B2B HEADSETS

RTX will leverage our Enterprise leadership position and sector expertise to establish a presence in Enterprise adjacencies, e.g. B2B headsets and other IP telephony-related products and solutions.

In the Enterprise B2B Headset market for call center and offices we offer our Enterprise customers attractive ODM/OEM solutions and unique interconnectivity resulting from our broader system integration approach across the Enterprise space.

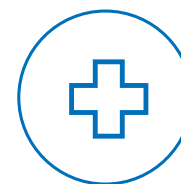


## PROAUDIO

### SECURE UNIQUE POSITION IN PROAUDIO

By deploying RTX's vast knowledge and experience from developing wireless solutions for professional audio applications, we want to lead the transition to digital wireless in ProAudio markets and leverage our unique technology into recurring revenue.

This is done by refining and productizing our existing technology base into a flexible technology platform with dedicated RTX modules and custom ODM/OEM. For RTX customers this results in attractive value propositions, namely short time to market and attractive cost of entry. For RTX this results in increased scalability: we move from engineering hours to recurring revenue via framework agreements.



## HEALTHCARE

### STRENGTHEN POSITION WITHIN HEALTHCARE

RTX aims to expand existing business, focused on wireless solutions for continuous patient monitoring, by increasing share of wallet with our long-term blue-chip healthcare customer.

This is accomplished by increasing both the breadth and the depth of the existing offering: extending the portfolio of ODM offerings and expanding the share of value chain via e.g. increased production of subassemblies.



## PROCESSES AND CAPABILITIES

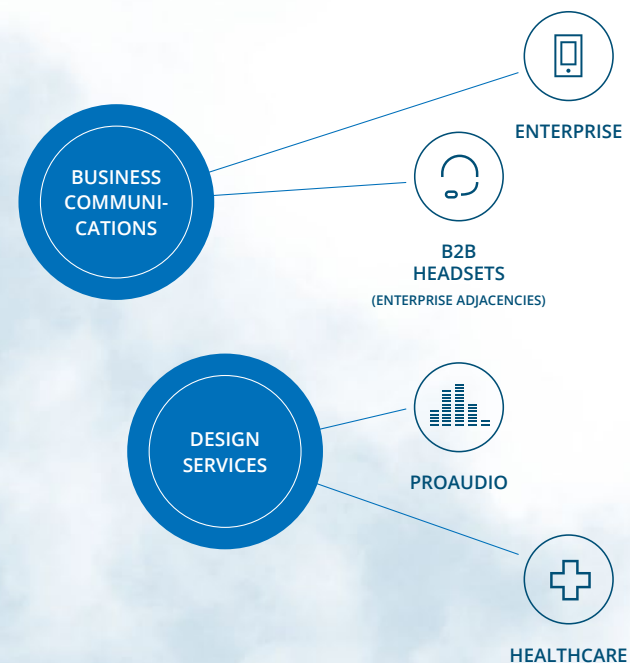
### CONTINUOUS IMPROVEMENTS IN PROCESSES AND CAPABILITIES

Building on a strong foundation, RTX will further develop selected processes to successfully execute the next wave of growth in accordance with our strategy.

We continue to optimize and refine Sales and Operations Planning (S&OP) linking customer forecasts to supply chain plans. Also, given both past growth and future growth expectations, we continue to scale our R&D and Supply Chain to meet requirements from large framework customers.

Technological competencies and innovation are the core of RTX. We continue to invest in innovation in wireless and audio technologies and we scale technology innovation by strengthening our Corporate Technology Office (CTO).

# Growth in All Business Areas



## REVENUE

DKK million

2017/18	323	2	123	27	475
2018/19	356	31	145	29	560



ENTERPRISE



B2B HEADSETS  
(ENTERPRISE ADJACENCIES)



PROAUDIO



HEALTHCARE

BUSINESS COMMUNICATIONS

# Enterprise

REVENUE 2018/19

**+10%**

to DKK 356 million

Wireless IP telephony products and solutions for professional use, e.g. in office environments, call centers, retail or storage facilities.

## OUR BUSINESS

In the Enterprise segment RTX designs, develops, and supplies wireless IP telephony products and solutions that are used in communication systems for professional use, e.g. in office environments, call centers, retail or storage facilities etc. The wireless IP telephony solutions are supplied on both an ODM and an OEM / white label basis.

Our customers are primarily large global suppliers of integrated PBX and telephony systems; both on-premise and cloud based.

Our competitive product portfolio includes wireless handsets, base stations, both multi-cell, dual-cell, and single-cell, and repeaters for PBX systems and VoIP solutions. The solutions are based on DECT, CAT-iq™, Bluetooth™ and Wi-Fi technologies and address the market for IP telephony, enabling our partners the flexibility to supply the optimal feature mix to each of their individual customer segments.



ENTERPRISE

Also, by providing continuous over-the-air software updates, we enable our partners to maximize product lifetime.

In 2018/19, we saw the initiation of ramp-up of sales from the Enterprise framework agreement signed with a large global player in 2017/18. RTX also renewed and expanded the framework agreement with one of our long-term and largest partners; securing continued recurring revenues for a multi-year period. Additionally, RTX signed a new Enterprise framework agreement with a leading global brand in Q4; including RTX handsets and multi-cell bases to be integrated with our customer's solution. Finally, we continued to develop an even stronger product platform.

### MARKET TRENDS

The total global professional handset market is estimated at approximately USD 500 million (according to Frost & Sullivan). This corresponds to approximately 3 million DECT, IP DECT and Wi-Fi handsets annually; when including both single-cell, dual-cell, and multi-cell handsets. DECT technology constitutes the largest, and growing, share of the enterprise handset market.

In the enterprise market space, DECT technology remains an attractive solution, in part due to superior performance, e.g. regarding talk time and handover, compared to Wi-Fi/VoWLAN, but also due to attractive price compared to cellular and superior security compared to both.

The global enterprise DECT handset market is expected to grow, on average, 3% p.a. over the forecast period from 2018 to 2022 (according to Frost & Sullivan).

Additionally, we are seeing some upside in DECT, primarily large players (on the customer side) in the USA, which traditionally has been a Wi-Fi/VoWLAN focused enterprise market.

Furthermore, we expect continued consolidation in the manufacturing of handsets. This is driven by increased outsourcing of handset development and production, especially to pure play ODM/OEM providers. RTX continues to both drive and benefit from this consolidation. In 2018, RTX was the largest manufacturer of multi-cellular handsets with a share of 20% (according to MZA).

### OUR STRATEGY FOR PROFITABLE GROWTH

RTX aims to expand its leadership position in Enterprise products and solutions; to continue to gain share and drive market consolidation.

Via our pure play ODM/OEM model, and with focus on system integration as competitive advantage, we benefit from customer outsourcing of products and solutions, which ensures recurring revenue via long-term framework agreements with large customers. The 'pure play' model is important, as it ensures our ODM/OEM customers, that they will not experience channel conflicts with RTX branded products and solutions in the market.

Additionally, RTX will leverage Enterprise leadership position and sector expertise to establish a presence in selected Enterprise adjacencies, e.g. B2B headsets or other IP telephony-related products and solutions.

#### REVENUE, ENTERPRISE, DKK MILLION



*“Via our pure play ODM/OEM model, and with focus on system integration as competitive advantage, we benefit from customer outsourcing of products and solutions, which ensures recurring revenue via long-term framework agreements with large customers”*

BUSINESS COMMUNICATIONS

# Enterprise Adjacencies (B2B Headsets)

REVENUE 2018/19

**+1840%**

to DKK 31 million

Headsets, and similar adjacency expansions, for professional use via existing and new Enterprise customers.

## OUR BUSINESS

With a leadership position in Enterprise – built primarily around handsets, bases, repeaters and system integration – RTX took the strategic decision to explore and expand into selected adjacent areas.

The premise was and is, that by broadening the scope of the offering, we can offer increased system integration to our customers and their end-users and build even closer relationships with our large customers.

The first adjacency area to be pursued is B2B headsets, focusing on the call center and office (CC&O) space. Examples of additional opportunities could be location beacons, conference phones etc.



HEADSET

Given the adjacency nature of this effort, the customer focus is Enterprise customers, both existing RTX Enterprise customers as well as new Enterprise customers.

Our current and near future portfolio constitutes a complete product range with both wireless and wired headsets for the professional office and call center use. The range can cover a multitude of use cases enabling our partners to satisfy any end-user need.

In 2018/19, our first large-scale headset customer, under a headset framework agreement signed during 2017/18, made its major international launch of the headsets thereby kicking off the ramp-up phase of headset sales under the agreement. Further, product development activities continued throughout the year to make the product programme complete.

### MARKET TRENDS

Enterprise headsets is a high-growth market driven primarily by the demand for wireless connectivity. Additional drivers include the continuous growth of software-based business communications and collaboration services as well as innovation in headset features and capabilities.

The professional headset market is estimated to constitute a plus 1 USD billion opportunity (according to Frost & Sullivan). Wireless headsets accounts for more than half of the market and is expected to take additional share over the coming years with wireless expected to grow 11% p.a. compared to 4% p.a. for wired headsets.

Increasing activity within the professional headset market constitutes an ODM/OEM opportunity for RTX, as more and more enterprise communications providers are evaluating ODM/OEM opportunities to sell professional headset products under their own name and branding with outsourced development and production of the headsets.

### OUR STRATEGY FOR PROFITABLE GROWTH

RTX will leverage our Enterprise leadership position and sector expertise to establish a presence in selected Enterprise adjacencies, e.g. B2B headsets and other IP telephony-related products or solutions. Efforts are already ongoing in B2B headsets, and examples of additional opportunities could be e.g. location beacons, conference phones etc.

In the Enterprise B2B Headset market we offer our Enterprise customers additional revenue opportunity via attractive ODM/OEM solutions. We utilize system integration as competitive advantage: the unique interconnectivity, resulting from our broader system integration approach across the Enterprise space, benefits both our customers and their end-users.

#### REVENUE, ENTERPRISE HEADSETS, DKK MILLION



*“We utilize system integration as competitive advantage: the unique interconnectivity, resulting from our broader system integration approach across the Enterprise space, benefits both our customers and their end-users”*

DESIGN SERVICES

# ProAudio

REVENUE 2018/19

**+17%**

to DKK 145 million

Product solutions and technology for Microphones & Stage equipment, Intercom systems, and Gaming solutions – all B2B deliveries.

## OUR BUSINESS

In ProAudio the primary focus continues to be our business model transition to a business model with a higher share of recurring revenue (product sales and royalty) which is ongoing and already showing traction.

RTX ProAudio consists of three market areas: Microphones & Stage equipment, Intercom systems and Gaming solutions. Our primary target area for growth over the coming years is planned to be Mics & Stage, while Intercom and Gaming are important supporting areas in the coming years.

In the Mics & Stage market, RTX works with the leading global professional audio brands to design and develop their wireless systems for microphones and other professional audio equipment. RTX works with 80% of the high-end professional microphone manufacturers. RTX is developing technology and product platforms enabling unparalleled wireless performance for our customers.

In the intercom market, RTX works with the leading system providers globally; providing electronic hardware compo-



PROAUDIO

nents and software combined with general design service support.

In the gaming and esports market, RTX provides a wireless transmission solution, which circumvents the typical wireless challenges in gaming (e.g. latency / delayed audio, poor microphone audio, inadequate use-time on the battery etc.). RTX's solutions are recognized for offering unprecedented low latency and robustness against interferences like Wi-Fi, Bluetooth and microwaves often used near gaming products.

During 2018/19, RTX showcased the unique RTX Sheersound™ and RTX Sheerlink™ technology and offerings at industry events creating significant interest and laying the basis for the expansion of the offerings within the Mics & Stage segment. 2018/19 also marked an important stepping stone in our continued transition towards recurring revenue in ProAudio. In Q4, an important framework agreement was signed with a large international group as our customer. The agreement pertains to development an ODM product delivery within Mics & Stage; more specifically utilizing RTX's conference technology platform. The development will take place during 2019/20, and then result in recurring product sales.

**MARKET TRENDS**

Mics & Stage is an attractive segment for RTX due to ongoing transition from analog to digital wireless. This is partly driven by a) spectrum repack: microphone frequencies are being reallocated to cellular and broadband services. These regulatory changes are occurring worldwide. Another driver is b) the increased need: the music industry is becoming

increasingly more dependent on live performances due to disruptions in the music publishing industry. Also, live performances are growing significantly in complexity and needed channel count / number of microphones. A third driver is c) new requirements: new requirements to robustness and security benefits from a digital transmission technology.

Annual sales of professional wireless microphones are estimated at approximately 2 million microphones globally (according to Arizton), representing a significant RTX growth opportunity. Further, there is significant additional market potential beyond microphones. This includes instruments (e.g. guitars), DJ products (e.g. digital controllers, mixers, and headphones), and other pro audio devices (e.g. power amplifiers, speaker enclosures, and mixers) where wireless transmission is relevant.

**OUR STRATEGY FOR PROFITABLE GROWTH**

By deploying RTX's vast knowledge and experience from developing wireless solutions for professional audio applications, we want to lead the transition to digital wireless in pro audio markets and leverage our unique technology into recurring revenue.

This is done by refining and productizing our existing technology base into a flexible technology platform (e.g. Sheerlink™ and Sheersound™) with dedicated RTX modules and custom ODM/OEM. For RTX customers this modular and flexible platform approach results in attractive value propositions, namely short time to market and attractive cost of entry. For RTX this results in increased scalability as we move from engineering hours to recurring revenue via framework agreements.

**REVENUE, PROAUDIO, DKK MILLION**



*“By deploying RTX's vast knowledge and experience from developing wireless solutions for professional audio applications, we want to lead the transition to digital wireless in pro audio markets and leverage our unique technology into recurring revenue”*

DESIGN SERVICES

# Healthcare

REVENUE 2018/19

**+7%**

to DKK 29 million

Wireless products and modules used for continuous patient monitoring.

## OUR BUSINESS

In the Healthcare segment, RTX is primarily involved in the development, design and supply of wireless modules and products used for continuous patient monitoring in hospitals. Additionally, we are involved in the design of wireless solutions for projects in assisted living such as hearing aid accessories.

We work with our long-term blue-chip healthcare customer for whom we provide design and development support as well as actual modules and sub-components for the wireless solution.

Healthcare, and in particular critical care, has special wireless requirements: medical frequency bands constitutes restrictions, there is a need for ultra-reliable transmission when human health or life is at stake, there can be need



HEALTHCARE

for high spectral efficiency, and there are compliance and approval requirements (e.g. FDA, HIPAA etc.). For years, RTX has leveraged its core competences in Radio Frequency (RF) - like spurious free frequency conversion - to deliver reliable solutions that fits the unique needs and restrictions within healthcare.

In 2018/19, RTX signed additional healthcare delivery agreement with our long-standing healthcare customer, under which RTX will take over supply of a wireless transmission product thereby extending the scope of our healthcare deliveries. The development of the necessary test equipment is ongoing, and sales of the product is expected to begin during the second half of 2019/20.

### MARKET TRENDS

The Healthcare market depends on new technologies, digital and wireless, to increase efficiency and keep up with demand.

Global medtech sales, which includes e.g. in vitro diagnostics, cardiology, diagnostic imaging etc., is estimated at 425 USD billion globally with expected CAGR of 5% towards 2022 (according to the EIU).

Simultaneously, the pressure to reduce healthcare costs and prove value remains intense. This includes, for instance, efficient use of resources, shift in focus from procedures towards outcomes (also referred to as value-based healthcare), and increasing focus on virtual healthcare - all to help drive cost efficiency.

These developments in turn drive the need for new technology, e.g. networked medical devices (mobile, wearing external, implantable), remote care system, identification systems etc.

Additionally, professional healthcare is characterized as being a relatively recession-proof market, but also a very conservative business, with products living for a decade or more. While this is an insurance of stable revenue, it also makes introducing new products a lengthy process.

### OUR STRATEGY FOR PROFITABLE GROWTH

RTX aims to expand our existing business, focused on wireless solutions for continuous patient monitoring by increasing share-of-wallet with our long-term blue-chip healthcare customer.

This is accomplished by increasing both the breadth and the depth of the existing offering: extending the portfolio of ODM offerings and expanding the share of value chain via e.g. increased production of subassemblies.

#### REVENUE, HEALTHCARE DKK MILLION



*“Increasing both the breadth and the depth of the existing offering: extending the portfolio of ODM offerings and expanding the share of value chain via e.g. increased production of subassemblies”*



# Corporate Management

# Risk Management

As RTX operates in dynamic and innovative business environments, the Board of Directors and management believe it is key to monitor, manage and mitigate risks thereby safeguarding growth and protecting our people, assets and reputation.

Conducting RTX's business involves various technological, commercial and financial risks, which potentially could have a negative impact on our ability to perform according to plans. However, through our risk management process, RTX is prepared to navigate in a dynamic risk environment.

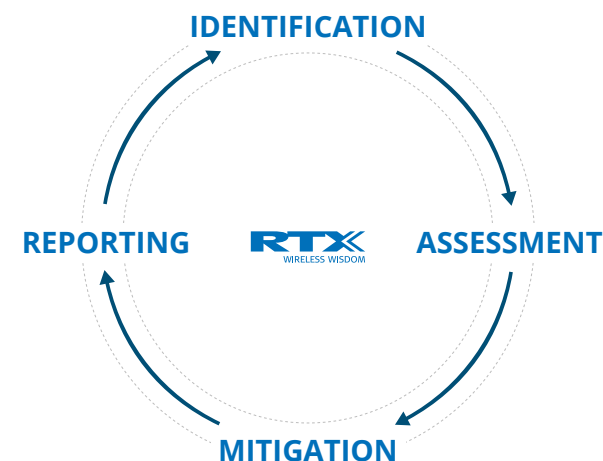
At RTX, we define risks as "an occurrence caused by external or internal events which hinders us in meeting our objectives". Based on risk identification and definition of the risk profile, we are prepared to implement appropriate actions when deemed relevant. Through understanding and mapping of potential risks we strive to make better decisions, deliver on our objectives and improve performance by being prepared to deal with key risks. Mitigating actions are planned and conducted to decrease the likelihood of a risk occurring and/or to decrease the impact of a risk if occurring.

Group Executive Management is responsible for reviewing the overall risk exposure of RTX on an ongoing basis. Once risks have been identified, assessed and mitigating actions defined, Executive Management evaluates the risk profile to ensure that appropriate plans are in place. The risk profile evaluation is supervised by the Audit Committee. Significant risks are reported to the Board of Directors on a quarterly basis or when deemed relevant.

RTX takes out statutory insurances as well as the insurances deemed to be relevant in order to eliminate or reduce unwanted and insurable risks. At regular intervals, RTX conducts a review of the insurances and their coverage in cooperation with external advisers. The Group's insurances are reviewed periodically by the Audit Committee.

## THE RISK MANAGEMENT PROCESS

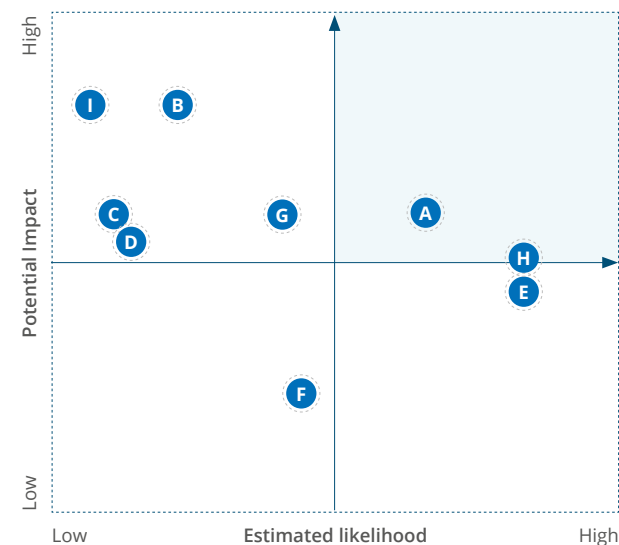
The risk management process at RTX includes the interlinked processes of risk identification, risk assessment and risk mitigation, as determined and reviewed by Group Executive Management and reported to the Board of Directors.



## THE RISK MAP

Risks are assessed using a two-dimensional risk matrix – estimating the impact on operating profits (EBIT) and the estimated likelihood of a risk materializing.

- A** Financial Risk
- B** Supply Chain Disruptions
- C** Technology Disruptions
- D** Customer Dependency
- E** Cybercrime
- F** IPR
- G** Components Allocation
- H** Political & Regulatory Risk
- I** Human Resources



	<b>A FINANCIAL RISK</b>	<b>B SUPPLY CHAIN DISRUPTION</b>	<b>C TECHNOLOGY DISRUPTION</b>
<b>DESCRIPTION</b>	<p>Macro-economic uncertainty and adverse economic conditions may lead to disrupted sales, and low rates of economic growth may lead to a reduced demand from end users and thereby from RTX's customers.</p> <p>Fluctuations in currency exchange rates – especially USD/DKK exchange rate – impacts RTX revenue and operating profits measured in DKK.</p> <p>Given the high solidity and the liquidity position RTX does not have risk related to external providers of interest-bearing debt.</p>	<p>Most of the Group's production is handled by sub-suppliers, which are located both in Asia and Europe with the majority of sourced volume from Asia. The Group depends on the ability of these sub-suppliers' ability to produce and supply the planned volume at the agreed time and quality.</p>	<p>A significant part of RTX's business is based on its unique knowledge within advanced wireless radio systems. Therefore, technological change may affect future business opportunities for RTX.</p>
<b>POSSIBLE IMPACT</b>	<p>Economic instability and adverse exchange rate fluctuations (especially in USD) will impact RTX revenue and operating profits in DKK.</p>	<p>Significant fluctuations on sales and gross margin may arise if some sub-suppliers fail to supply at the agreed time and quality.</p>	<p>A revolution of the wireless communication and competence platforms, which RTX currently incorporates into its products and solutions, may lead to lost business opportunities, short-term as well as long-term.</p>
<b>MITIGATION</b>	<p>As a consequence of RTX significant international activity, RTX's cash flows are influenced by changes in exchange rates. RTX's trading and currency policy with customers and suppliers is, to the greatest possible extent, to continually adapt to match the currencies of its purchase and sales. If deemed appropriate, RTX may enter into transactions for the purpose of reducing net currency exposures.</p> <p>To safeguard against the potential impact of low economic growth rates, RTX is continually increasing its customer base – e.g. through further long-term framework agreements – to ensure an underlying growth in our business also to partially mitigate effects of lower economic growth on demand.</p>	<p>RTX is in ongoing close and transparent contact with its sub-suppliers in order to plan and monitor supplies, quality assurance systems and production. To reduce our reliance on any single supplier, RTX operates with more than one supplier where possible, while in other cases it is necessary to reduce the delivery uncertainty with a buffer storage.</p> <p>A 12-month rolling forecast is managed by RTX from customers through RTX to suppliers, which increases the ability of suppliers to plan operations in order to meet RTX's demand.</p> <p>RTX cooperates with major contract manufacturers that operate multiple factories across countries and continents, which means that production can be transferred from one factory to another in the event that one of the sites is temporarily not in operation.</p>	<p>Through close relationships with leading international customers, RTX has a detailed impression of the customers' future product development plans. The close relations enable RTX to predict and react to changes in technologies requested by the customers on an ongoing basis.</p> <p>Via innovation projects RTX develops the technological competencies that will enable RTX to offer products and solutions based on a wider range of technological opportunities. This reduces the dependence on single technologies. RTX Corporate Technology Office (CTO) works on this continuously and also team up with leading research institutions for specific innovation projects.</p> <p>Further, RTX monitors and impacts technological standards through active participation in highly reputed industry organizations worldwide.</p>
<b>RISK RATING</b>	Likelihood: High / Impact: High	Likelihood: Low / Impact: High	Likelihood: Low / Impact: High

	<b>D</b> CUSTOMER RELIANCE	<b>E</b> CYBER CRIME	<b>F</b> IPR
<b>DESCRIPTION</b>	The company's top three customers represent 39% of 2018/19 revenue. The cooperation with these customers is based on long-term framework agreements, and RTX's products are an integrated part of these customers' solutions offering.	RTX's business depends to a large and increasing extent on reliable and secure IT systems. If RTX fails to protect its IT infrastructure and key systems against the risk of critical security incidents, it may have a negative effect on RTX's knowledge base and reputation, and it may have a negative impact on the business.	Operating within a highly IPR protected industry, RTX's freedom of action may from time to time be limited by patents from third parties. Further, RTX holds and has applied for patents within selected key areas.
<b>POSSIBLE IMPACT</b>	It would have a considerable impact on RTX's organizational setup as well as its financial performance, if key customers – for any given reason – face financial challenges or the market situation were suddenly to change.	Breaches of IT security could potentially lead to unavailability of service or unintended disclosure of business-critical confidential information negatively impacting RTX's competitive position and/or reputation. As such, breaches of IT security may cause financial losses, lost business opportunities or lack of ability to meet contractual obligations.	There may be a risk that RTX may inadvertently infringe on third party rights. Further, RTX's practices for protecting the company's intellectual property rights may be inadequate so that competitors may develop similar technologies. This can lead to loss of business opportunities for RTX.
<b>MITIGATION</b>	<p>Considerable resources have been invested in the technical integration of RTX' technology and products into the customers' solutions and replacing RTX would accordingly trigger substantial switching cost for the customers.</p> <p>Also, RTX is expanding the base of significant customers through additional framework agreements as announced over the past two years which will reduce RTX's reliance on individual customers.</p> <p>To further mitigate financial consequences from customer specific occurrences, RTX takes out credit insurance on customers to the extent possible.</p>	<p>RTX is continuously working to reduce these risks via regular adjustments of technical security control and guidelines and policies for IT security. Additionally, RTX conducts internal employee awareness campaigns regarding IT security.</p> <p>While RTX believes it maintains an adequate security level, the Group also assesses and tests the IT infrastructure and security level in close collaboration with external experts.</p> <p>The outsourcing of RTX's production to sub-suppliers also in the short-term protects delivery performance in case of unavailability of IT service at RTX.</p>	<p>The company's model for development projects includes a review of the project to assess if there is a risk that RTX may infringe on or is limited by third party rights. It is also a formal point of our project model that the project is considered for relevant patents.</p> <p>RTX has competences within design, development and manufacturing of wireless solutions and combinations of wireless technologies. The number of wireless technologies, that RTX has competences within, are constantly expanded in order to avoid dependency on a single technology.</p> <p>RTX is a member of ETSI (European Telecommunications Standards Institute) and other technology forums. Such memberships ensure that RTX stays up to date on relevant issues in the industry, including e.g. frequency band that may affect RTX's business or infringe on third party rights.</p>
<b>RISK RATING</b>	Likelihood: Low / Impact: High	Likelihood: High / Impact: Low	Likelihood: Low / Impact: Low

	<b>G</b> COMPONENT ALLOCATION	<b>H</b> POLITICAL & REGULATORY RISK	<b>I</b> HUMAN RESOURCES
<b>DESCRIPTION</b>	While lead times on standard components have not been increasing over the past year given the demand level for standard shared electronical components, such lead times may increase again in the future.	The past 12 months have seen increased global political instability including uncertainty related to the international trade frameworks. Growing tendencies towards protectionism could influence RTX ability to export products from certain countries to e.g. the US.  Also, RTX is subject to product safety regulations such as e.g. REACH and RoHS.	RTX is a knowledge intensive company and in order to develop innovative products and solutions and to retain its competitive advantages, it is essential to attract, develop and retain the right talent.
<b>POSSIBLE IMPACT</b>	If component lead times increase and component allocation becomes more difficult, cost of goods sold would increase potentially leading to eroding gross margins if not managed appropriately.	Increasing barriers to international trade could lead to duties being levied on international transactions being unfavorable to RTX and our business partners.	Failure to attract, develop and retain the right talent may ultimately hinder RTX's ability to successfully execute our strategy and thereby reduce competitiveness.
<b>MITIGATION</b>	RTX has in place a well-functioning 12-month rolling forecast from customers via RTX to suppliers, which has ensured a long planning horizon for components and production, and thereby de-risking component allocation to secure that components are received on time at the right cost.	RTX is engaging with several internationally oriented sub-suppliers with operations across multiple countries and continents, which provides an agile setup in case of significant trade barriers.  Regarding product safety, RTX's management system and supplier agreements are designed to deal with customer and regulatory requirements. The management system is subject to both internal and external reviews and audits.	RTX's goal is to be an attractive workplace. This is achieved e.g. through attractive working conditions, employee and manager development dialogue and incentive programs.  During 2018/19, RTX initiated a leadership development program specifically designed for RTX to further develop and retain the essential management levels and talents throughout the organization.
<b>RISK RATING</b>	Likelihood: Low / Impact: High	Likelihood: High / Impact: Medium	Likelihood: Low / Impact: High



“The results achieved by RTX – both together with our customers and financially – are very much due to our highly qualified and committed employees who underpin our specialized know-how and skill base.”

# Corporate Governance

RTX's corporate governance model is intended to ensure an active and accountable management of RTX based on applicable legislation, rules and recommendation for listed companies in Denmark as well as our articles of association and rules of procedure.

## RECOMMENDATIONS ON CORPORATE GOVERNANCE

RTX in general complies with the Danish Recommendations on Corporate Governance of 23 November 2017, and during 2018/19 the newly established Audit Committee was fully operational. As such, RTX fully complies with 41 of the recommendations of the Danish Committee on Corporate Governance and partially complies with 6 of the recommendations. Below we briefly comment on recommendations partially complied with.

Due to the size of the company, the Board of Directors has assessed and decided not to establish separate Nomination and Remuneration Committees, as this will add unnecessary complexity to the governance model. Accordingly, all tasks of the Nomination and Remuneration Committees are handled by the Chairmanship, while the remuneration of the Board of Directors is approved by the shareholders at the annual general meeting.

Further, RTX's remuneration policy and reporting is due to be updated, however, as the EU Directive on the exercise of certain rights of shareholders in listed companies has been amended by Directive (EU) 2017/828 which has been implemented in Denmark, RTX has instead focused its efforts on preparing an updated remuneration policy in compliance with these new regulations for approval at the upcoming Annual General Meeting in January 2020, and on instituting reporting in compliance with the new regulations. The up-

dated report will subsequently be presented at the Annual General Meeting in January 2021. RTX is thus implementing the new regulations one year earlier than required and has chosen to focus on this at present.

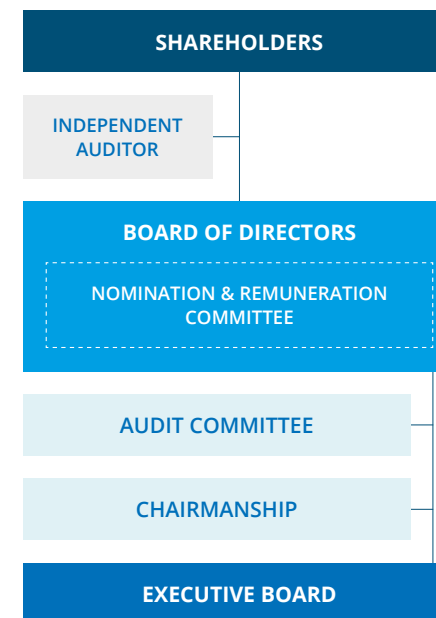
Finally, based on their qualifications and profiles, some of the employee representatives serving on the Board of Directors may become eligible for inclusion in share incentive programmes in line with other key employees of the organization.

Each year, in connection with the annual report, RTX A/S publishes the statutory report on Corporate Governance, cf. section 107b of the Danish Financial Statements Act. The full statutory report is available at: [www.rtx.dk/CorporateGovernance](http://www.rtx.dk/CorporateGovernance).

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

RTX' shareholders possess the authority over the Company and may exercise their rights to make decisions at the annual general meetings. As mandatory items at the annual general meetings, shareholders review and approve the financial report for the year, elect the board members as well as the independent auditors, based on recommendations from the Board of Directors. Further, in case of any potential changes to the Articles of Association, the annual general meeting will act as the supreme body of authority.

## RTX GOVERNANCE MODEL



## DANISH RECOMMENDATIONS ON CORPORATE GOVERNANCE 2018/19

Complies with recommendation	41
Partially complies with recommendation	6
Does not comply with recommendation	0

## BOARD OF DIRECTORS

RTX has decided to base its corporate governance framework on a two-tier system in which the Board of Directors and Group Executive Management have two distinct roles. Group Executive Management is responsible for the operational and tactical management of the company, while the Board of Directors controls the Executive Board and Group Executive Management. Further, the Board of Directors defines the overall strategy and objectives in close collaboration with Group Executive Management.

The Board of Directors consists of eight members, of which five are elected at the annual general meeting. Pursuant to the Danish Companies Act, three members are elected by the employees for a term of four years with the latest elections held in January 2019. The employee representatives serving on the board hold the same rights and obligations as the shareholder-elected members. Shareholder-elected members are elected individually and for terms of one year and may stand for re-election. The number of board members and the composition of the board, in terms of professional experience and relevant competencies, is considered adequate by the Board of Directors.

At least four ordinary board meetings are held per year. In 2018/19, five ordinary board meetings were held. Extraordinary board meetings are held according to need. In 2018/19, eleven board meetings were held in total. During 2018/19, the Board of Directors focused on areas such as especially RTX's strategy for growth, financial performance, organizational development, capital structure, risk management, and budgets/forecasts.

## AUDIT COMMITTEE

The Audit Committee of RTX operates according to its terms of reference approved by the Board of Directors and refers to the Board of Directors. The main tasks of the Audit Committee are to supervise financial reporting, accounting policies and estimates, internal controls, risk management, external audit and to recommend to the Board of Directors the approval of financial statements and the appointment of external auditors. Four Audit Committee meetings are held per year.

## EXECUTIVE BOARD AND GROUP EXECUTIVE MANAGEMENT

The Board of Directors appoints the Executive Board and determines the terms of employment. The Executive Board and Group Executive Management is responsible for the operational and tactical management of RTX, for ensuring progress on the outlined strategic direction, for daily risk management and for ensuring compliance with relevant legislation and procedures as well as for submitting reports on performance, strategy and budget suggestions etc. to the Board of Directors. At present, the Executive Board consists of two members and Group Executive Management consists of five members.

## REMUNERATION

RTX has codified its remuneration policy for management, including guidelines for incentive programs. In order to align interests for RTX's shareholders and management, and to meet both short-term and long-term goals, the policy defines appropriate limits on incentive programs and longer-term share-based remuneration programmes for management.

The policy, which is available at RTX's website, will be updated for adoption on the Annual General Meeting in January 2020 in accordance with the "EU Directive 23007/36/ED on the exercise of certain rights of shareholders in listed companies" – one year before the regulatory requirement for updating the policy. For details about the remuneration paid to the Board of Directors and the Executive Board, please see note 6 later in this report.

## DIVERSITY

It is the objective of RTX to attract and retain highly qualified and motivated employees, and RTX strives to have a reasonable split between male and female candidates and employees, despite the fact that we operate in an industry with primarily male candidates. RTX encourages female and international applicants to apply for vacant positions as they arise. For RTX's policy on diversity and for our report pursuant to section 99b of the Danish Financial Statements Act on targets for gender distribution at RTX, please refer to the "Communication of Progress" (COP) report regarding corporate social responsibility, which is available for download at [www.rtx.dk/corporate/csr](http://www.rtx.dk/corporate/csr).

# Board of Directors and Executive Board

## BOARD OF DIRECTORS



	<b>PETER THOSTRUP</b> Chairman	<b>JESPER MAILIND</b> Deputy Chairman	<b>CHRISTIAN ENGSTED</b> Board member	<b>LARS CHRISTIAN TOFFT</b> Board member	<b>HENRIK SCHIMMELL</b> Board member
<b>TITLE</b>	CFO Georg Jensen A/S and professional board member	CEO, LEO Foundation	Professional board member	Vice President, Ericsson AB	President, Radiometer
<b>EDUCATION</b>	M.Sc. in Economics and Finance, 1987. MBA, 1986.	Graduate Diploma in Business Administration, 1982. MBA, 1984.	B.Sc. in Industrial Eng., 1987. B.Sc. in Finance, 1992. IMD INSEAD, 2011.	M.Sc. in Business Administration and Business Law, 1990. Executive education at INSEAD, Colombia University and Boston University.	Ph.D. in Engineering, 1992. M.Sc. in Engineering, 1986.
<b>DIRECTORSHIPS</b>	Chairman of the boards of directors of Heatex AB and Linstol LLC.	Member of the boards of directors of Sonion A/S, Etac AB and Leo Pharma A/S.	Board of Directors: On The Spot A/S (chairman), SSG Group A/S and SSG A/S (deputy chairman), Uturn2innovation ApS (member).		Chairman of the boards of directors of HemoCue AB and several Radiometer subsidiaries.
<b>COMPETENCIES</b>	In-depth knowledge of finance, corporate governance in listed companies, management experience from international technology and consumer firms. General and solid board experience.	General management including transition management from several industries comprising life science, technology and manufacturing.	International business development and sales experience combined with operating large-scale operations, with a strong focus on innovation, product development and brand building within a.o. the high-end technology industry.	Senior executive with experience from large global market leader in the ICT space. International management profile with specialty in sales & marketing, transformation and digitalization. Expertise in mobile technology (4G/5G) and Internet of Things (IoT)	General management as well as R&D and sales management internationally, from the medical device and hearing instrument industries. Additionally, skilled in lean business operations, M&A and process development.
<b>COMMITTEES</b>	Member of the Audit Committee	Member of the Audit Committee	Chairman of the Audit Committee		
<b>MEETING ATTENDANCE</b>	Ordinary: 5 of 5 Extraordinary: 6 of 6	Ordinary: 5 of 5 Extraordinary: 0 of 6	Ordinary: 5 of 5 Extraordinary: 5 of 6	Ordinary: 4 of 5 Extraordinary: 5 of 6	Ordinary: 4 of 4 Extraordinary: 1 of 2
<b>ELECTED PERIOD</b>	Since 2009	2009-2009 and since 2013	Since 2017	Since 2017	Since 2019
<b>CONSIDERED INDEPENDENT</b>	Yes	Yes	Yes	Yes	Yes
<b>NATIONALITY</b>	Danish	Danish	Danish	Danish	Danish
<b>YEAR OF BIRTH AND GENDER</b>	1960, male	1956, male	1963, male	1966, male	1962, male
<b>NO. OF RTX SHARES</b>	1,275	2,256	750	632	155

BOARD MEMBERS  
ELECTED BY THE  
EMPLOYEES



EXECUTIVE BOARD



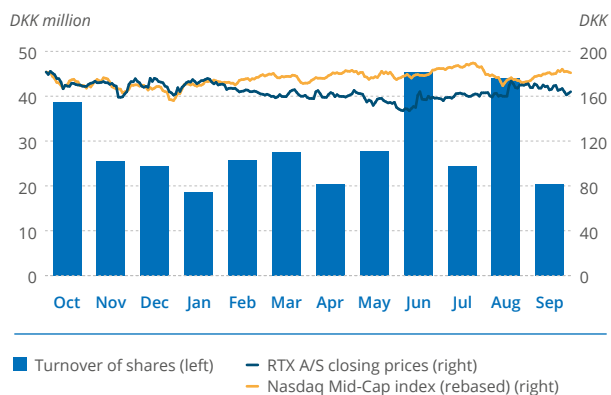
	<b>KURT HEICK RASMUSSEN</b> Board member	<b>FLEMMING V. ANDERSEN</b> Board member	<b>KEVIN HARRITSØ</b> Board member	<b>PETER RØPKE</b>	<b>MORTEN AXEL PETERSEN</b>
<b>TITLE</b>	Program Manager, RTX A/S	Program Manager, RTX A/S	Team lead, RTX A/S	President and CEO	CFO
<b>EDUCATION</b>	B.Sc. in Engineering, 2000. Graduate Diploma in Business Administration, 2009.	M.Sc. in Electrical Engineering, 1999. Graduate Diploma in Business Administration, 2008.	M.Sc. in Electrical Engineering 2009	M.Sc. in Electrical Engineering, 1992	M.Sc. in Business Administration, 1999
<b>DIRECTORSHIPS</b>				Member of the Board of Directors of DEIF A/S.	
<b>MEETING ATTENDANCE</b>	Ordinary: 5 of 5 Extraordinary: 6 of 6	Ordinary: 5 of 5 Extraordinary: 6 of 6	Ordinary: 4 of 4 Extraordinary: 1 of 2		
<b>ELECTED/APPOINTED PERIOD</b>	Since 2015	Since 2015	Since 2019	Since 2016	Since 2019
<b>TERM OF OFFICE EXPIRES</b>	2023	2023	2023		
<b>NATIONALITY</b>	Danish	Danish	Danish	Danish	Danish
<b>YEAR OF BIRTH AND GENDER</b>	1974, male	1973, male	1984, male	1966, male	1974, male
<b>NO. OF RTX SHARES</b>	525	2,000	-	10,238	775
<b>GRANTED RSU's</b>	750	-	-	32,836	2,567

# Shareholder Information

## THE RTX SHARE

The company's shares have been listed on Nasdaq Copenhagen A/S since June 2000 (ISIN DK0010267129). The RTX share price ended the financial year at September 30 2019 at DKK 164.0 per share, equal to a market capitalization of DKK 1,467 million. The share price decreased by 8.7% compared to the end of financial year 2017/18. By comparison the Nasdaq Copenhagen mid-cap index (OMXCMCGI), which includes the RTX share, increased by 0.7% over the same period. RTX was elevated to be a mid-cap segment company at Nasdaq Copenhagen in January 2019 after previously having been a small-cap segment company.

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY  
OCTOBER 1 2018 TO SEPTEMBER 30 2019



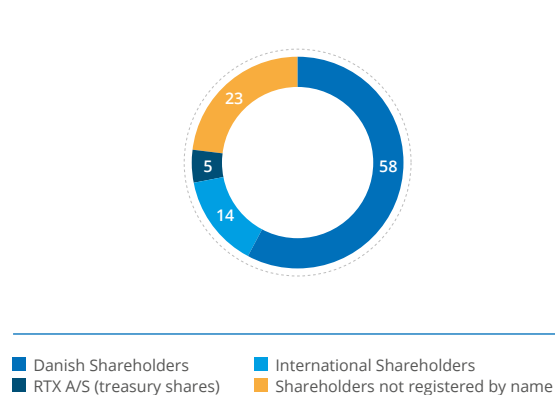
## SHARE CAPITAL AND TREASURY SHARES

As of September 30 2019, RTX's share capital had a nominal value of DKK 44,714,190 comprising 8,942,838 shares each with a nominal value of DKK 5. All shares carry equal rights and they are not divided into classes. At September 30 2019, RTX held 465,876 treasury shares of DKK 5 corresponding to 5.2% of the share capital.

## OWNERSHIP

At September 30 2019, RTX had more than 4,200 shareholders registered by name, including custodian banks, representing approximately 77% of the company's share capital. The distribution between Danish and international shareholders can be seen in the chart below.

OWNERSHIP DISTRIBUTION SEPTEMBER 30 2019  
(% OF SHARES)



In accordance with section 55 of the Danish Companies Act, the following investors have reported holdings of more than 5% of RTX's share capital:

- Jens Hansen: 9.2%
- Fundamental Invest Stock Pick and related Fundamental Invest Stock Pick II Acc: 8.0%
- Jens Toftgaard Petersen: 7.6%
- Lannebo Fonder AB: 5.0%
- RTX A/S (treasury shares): 5.2%

## AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

At the 2018 Annual General Meeting, the Board of Directors was granted the right to authorize the Company to acquire treasury shares for a nominal value of DKK 4,400,000 (equivalent to approximately 10% of the Company's share capital at the time of the authorization) during the period until January 24 2023. The Company's holding of treasury shares after the acquisition must not exceed 10% of the share capital from time to time, while the acquisition price must not deviate by more than 10% from the share price at Nasdaq Copenhagen at the time of the acquisition.

At the 2019 annual meeting, the Board of Directors was authorized to increase the Company's share capital in one or more issues of new shares up to a maximum of nominal value of DKK 8,900,000 without pre-emption rights for the Company's existing shareholders. The right may not be utilized for an amount exceeding 20% of the outstanding share capital at the time of the exercise of the authorization.

## CAPITAL STRUCTURE AND DISTRIBUTION TO SHAREHOLDERS

Based on the strategic outlook, RTXs Board of Directors and Executive Board consider the current capital and share structure to serve the strategic direction of the company and provides the needed flexibility to deliver on short term targets, while securing the long-term shareholder value creation. The Board of Directors wishes to return excess capital to investors to an extent that provides a balanced risk profile and secures sufficient funding to act on potential strategic investment opportunities and thereby further accelerate growth, either organically or non-organically.

Based on the financial performance in 2018/19 and the future outlook and expectations, the Board of Directors will recommend to the shareholders at the Annual General Meeting in January 2020 that dividends of DKK 2.50 per share be distributed for the financial year 2018/19. This is an increase in dividends of 25% per share compared to the previous financial year. If approved, the dividends will be paid out in January 2020.

### DISTRIBUTION TO SHAREHOLDERS

	2018/19	2017/18
Dividend per share (DKK)	2.50*	2.00
Dividends, total (million DKK)	21.2*	17.1
Share buy-back (million DKK)	27.2	19.2

\* Based on recommended dividend

In accordance with the authorization granted at the Annual General Meeting in 2018, RTX acquired 167,818 treasury shares during 2018/19 through two share buy-back programmes. While one of these programmes was concluded during 2018/19, the other continues as announced in company announcement 31/2019 (amount up to DKK 20 million executed during the period August 1 2019 to December 31 2019).

Additionally, the Board of Directors has decided (cf. company announcement 61/2019) to initiate a further share buy-back programme to commence upon completion of the current programme under execution. This further share buy-back programme will be executed during the period January 1 2020 to June 30 2020 for an amount up to DKK 20 million in accordance with the authorization granted at the Annual General Meeting in 2018.

## INVESTOR RELATIONS

RTX aims to provide investors with the best possible insight in our business model, strategic priorities and financial performance and thus to pursue an open dialogue with investors and analysts with due consideration to regulatory requirements and compliance. Accordingly, following the announcement of RTX's quarterly financial results, the Executive Board invites investors and analysts to attend announced presentations of the results. It is possible during these presentations to ask questions directly to the Executive Board of RTX.

Further, to ensure full transparency to Danish as well as foreign investors, all company announcements are prepared and published in Danish and English and are released to Nasdaq Copenhagen and on the RTX website.

### INVESTOR/ANALYST EVENTS 2019/20

#### Winter Seminar, Danske Bank

December 4 2019

#### Investor Meeting, Q1

January 24 2020

#### Small & Mid Cap Seminar, ABG Sundal Collier

April 1 2020

#### Investor Meeting, Q2

May 1 2020

#### Investor Meeting, Q3

August 28 2020

#### Investor Meeting, Q4 & Annual Report 2018/19

November 27 2020

## INSIDER RULES

Board of Directors and Group Executive Management as well as their related parties are obliged to inform the company about their transactions with the Company's shares for the purpose of subsequent reporting to Nasdaq Copenhagen. In its internal rules, the company has chosen to keep an insider list comprising individuals who, through their relationship with the company, may possess internal and share price sensitive insight into the Group's situation. The Board of Directors has determined that individuals named on an internal insider list are only allowed to trade in the company's shares during the during the four-week periods following the publication of the Company's interim financial reports or preliminary announcement of financial statements or – if no such announcement is published – the annual report.



# Corporate Social Responsibility

At RTX, we take our social responsibility seriously and CSR (Corporate Social Responsibility) is integrated in the way we work and in our culture.

Our business priorities and values are aligned with the ten principles of the United Nations Global Compact. For several years, we have reported on CSR by way of a Communication of Progress (COP) and we report in compliance with sections 99a and 99b (the underrepresented gender) of the Danish Financial Statements Act. Our customers, investors and other stakeholders are increasingly taking an interest in our CSR practices. This also contributes to making CSR an even more important aspect of our business. We are therefore continuously strengthening our CSR practices and developing our CSR reporting.

In 2017/18, we took a major step towards more proactively monitoring CSR, by engaging external CSR experts to identify and assess our CSR practices, and to initiate an analysis of the materiality of CSR issues for RTX's stakeholders and for our business. In 2018/19, we build on this approach, while also focusing more on selected KPIs related to important CSR issues and also expanding our focus on diversity.

## OUR CSR APPROACH

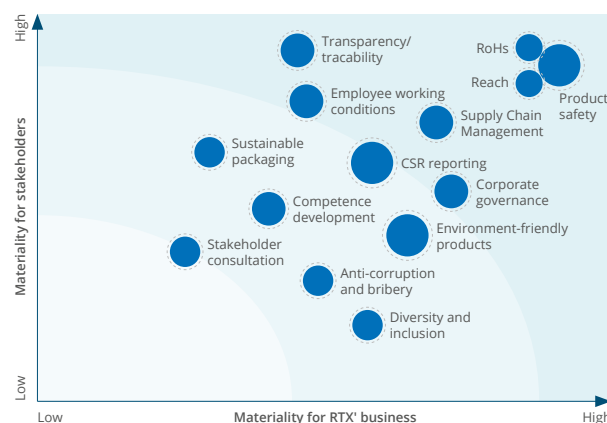
The management of CSR issues, risks and activities at RTX is anchored in a materiality matrix illustrating the degree of materiality of certain CSR risks and issues to RTX's business and our stakeholders respectively, and thus the CSR risks related to RTX's business. While RTX has activities related to all risks, the focus for our due diligence and risk management is related to the areas with highest materiality to our stakeholders and our business. Our annual COP report for 2019 details our policies for how we work with CSR issues and risks including due diligence, risk management, CSR-related actions and KPIs especially for the CSR issues and risks with the highest materiality.

Key activities in 2018/19 include the further development and strengthening of our newly established central Supply Chain function, which has increased our ability to work coherently on CSR issues and risks throughout our supply chain, where the majority of RTX's CSR footprint occurs as manufacturing is outsourced to suppliers. Our Code of Conduct for suppliers is at the heart of key CSR efforts. RTX's expectations to suppliers on the broader range of CSR issues are reflected in the Code of Conduct, which is based upon the principles of the UN Global Compact. All significant current suppliers have signed our Code of Conduct or have affirmed that they support and have adopted the UN Global Compact. Further, suppliers are required to periodically declare their compliance with key product safety regulations such as REACH and RoHS to RTX.

The employee working conditions and the welfare of our employees are other highly material issues for RTX. We conduct annual employee satisfaction surveys, which display high general satisfaction, and we measure KPIs such as employee absence and employee turnover. Both these KPIs improved during 2018/19 compared to last year. In the 2019 COP report, RTX also increases the focus on diversity by highlighting our policy for diversity related to employment, and our efforts regarding gender, seniors and people with disability.

Going forward, RTX plans to maintain a strong focus on supply chain management, product safety, traceability including conflict minerals and employee working conditions as the most material CSR risk areas. Further, we plan to increase focus on sustainable packaging e.g. by reducing the use of plastic bags inside the sustainable packaging for new products. In 2019/20, we are also planning to upgrade our efforts to develop and maintain our management system by introducing a new central function for "Quality and Compliance" which over time is also expected to further increase our CSR focus.

**MATERIALITY MATRIX FOR RTX GROUP**



## FURTHER DETAILS

A full Communication on Progress (COP) and reporting in compliance with section 99a and 99b (the underrepresented gender) can be downloaded from RTX's website: [www.rtx.dk/corporate/csr](http://www.rtx.dk/corporate/csr)



# Additional Financial Info (Q4)

# Q4 Performance

2018/19 ending with strong Q4 revenue and earnings.

## REVENUE

RTX posted revenues of DKK 157.0 million in Q4 2018/19. Revenue thus increased by 2.3% compared to Q4 2017/18 (DKK 153.5 million). Q4 of the previous year (2017/18) was a very strong quarter, as it was supported by spillover effects from delayed orders from Q3 of last year due to allocation issues on key components in the supply chain. No such supply chain issues affected RTX in 2018/19. FX corrected revenue growth in Q4 was -2.0% compared to last year due to the strengthening of USD. Revenue in Q4 compared to last year was marginally negatively impacted by the implementation of IFRS 15 (revenue recognition).

Business Communications realized revenue growth in Q4 2018/19 of 2.5% to DKK 115.5 million (Q4 2017/18: DKK 112.6

million) driven by the continued growth within wireless IP telephony for Enterprise customers, and especially by the ramp-up under the large framework agreements announced in 2017/18. FX corrected revenue growth in Q4 was -2.4%.

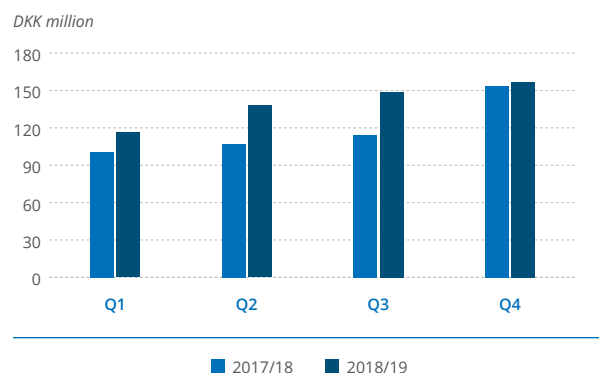
Design Services achieved revenue growth of 1.7% in Q4 2018/19 to DKK 41.6 million (Q4 2017/18: DKK 40.8 million). Especially recurring revenue from ODM product sales and from royalties increased compared to last year, while revenues from customer financed projects (engineering revenues) decreased compared to last year in line with the strategy in the ProAudio segment to move towards recurring revenue. FX corrected revenue growth was -0.6%.

## GROSS PROFIT AND EARNINGS

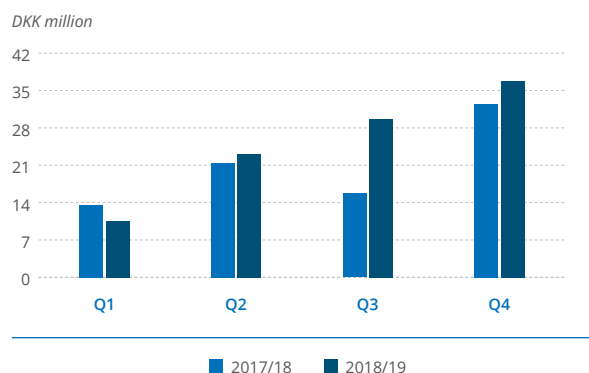
Gross profit and gross margin developed positively compared to last year. With no supply chain issues impacting deliveries in 2018/19, the gross margin increased to 56.0% in Q4 2018/19 (Q4 2017/18: 51.9%) corresponding to gross profit of DKK 87.9 million (Q4 2017/18: DKK 79.7 million).

Capacity costs in Q4 amounted to DKK 53.5 million compared to DKK 49.0 million in Q4 2017/18. As in previous quarters, the higher capacity cost level compared to last year is primarily driven by ramping-up capacity in order to execute the major framework agreements announced during 2017/18 and by continuing to build the organization and infrastructure necessary for further growth. Further,

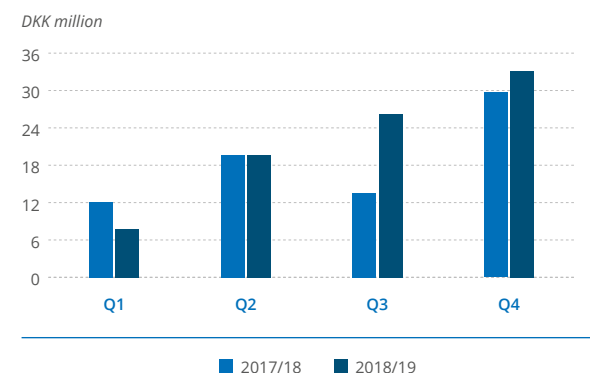
### REVENUE BY QUARTER



### EBITDA BY QUARTER



### EBIT BY QUARTER



the Group capitalized development costs of DKK 2.5 million in Q4 2018/19 (Q4 2017/18: DKK 1.8 million).

Operating performance improved with EBITDA increasing by 13.3% in Q4 2018/19 to DKK 36.9 million (Q4 2017/18: DKK 32.5 million). Depreciations and amortization increased to DKK 3.8 million (Q4 2017/18: DKK 2.9 million). EBIT thus improved by 11.6% in Q4 2018/19 to DKK 33.1 million (Q4 2017/18: DKK 29.6 million). Profit before tax amounted to DKK 35.7 million in Q4 2018/19 compared to DKK 30.4 million in Q4 2017/18.

### CASH FLOW

In Q4 2018/19, RTX continued to realize strong cash flow from operations (CFFO) of DKK 45.2 million, an increase of 15.0% compared to last year (Q4 2017/18: DKK 39.4 million). The level was positively impacted by the earnings growth and by lower working capital due to the timing of sales within the quarter compared to last year. The Group's total cash funds and current securities less bank debt increased to DKK 226.7 million at the end of Q4 2018/19 (Q4 2017/18: DKK 182.6 million) and was positively impacted by the cash flow from operations and negatively impacted by the ongoing share buy-back programme under which RTX acquired shares for DKK 7.2 million during Q4 2018/19 (Q4 2017/18: DKK 0).

### FURTHER FRAMEWORK AGREEMENTS

Towards the end of Q4, RTX signed two further framework agreements for ODM product supply development and delivery. One agreement within the Enterprise market and one agreement within the ProAudio market. The Enterprise framework agreement includes RTX handsets and base stations integrated with our customer's solutions. Our customer is a leading global brand in the Enterprise market turning to the DECT technology for their wireless IP telephony solutions. Development of the products is ongoing throughout 2019/20, after which the agreement will enter the ramp-up phase. Similarly, the framework agreement within the ProAudio market includes product development and the subsequent product supply of modules to be used in conference solutions by a large international brand. The tailoring of RTX's conference platform to this solution is ongoing through 2019/20, after which this agreement will also enter the ramp-up phase.

### Q4 FINANCIAL HIGHLIGHTS

Amounts in DKK million	Q4 2018/19	Q4 2017/18
<b>INCOME STATEMENT ITEMS</b>		
Revenue	157.0	153.5
Gross Profit	87.9	79.7
EBITDA	36.9	32.5
EBITDA %	23.5%	21.2%
Operating profit/loss (EBIT)	33.1	29.6
Net financials	2.7	0.7
Profit/loss before tax	35.7	30.4
Profit/loss for the year	27.6	24.2
<b>OTHER KEY FIGURES</b>		
Development cost financed by RTX before capitalization	9.7	7.5
Capitalized development cost	2.5	1.8
Depreciation and amortization	3.8	2.9
Cash flow from operations	45.2	39.4
Cash flow from investments	-1.9	-7.2
Investment in property, plant and equipment	1.7	2.1
Increase/decrease in cash and cash equivalents	36.2	32.2



# Statements

# Management's Statement

The Board of Directors and the Executive Board have today considered and approved the annual report of RTX A/S for the financial year October 1 2018 - September 30 2019.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at September 30 2019 and of the results of their operations and cash flows for the financial year October 1 2018 - September 30 2019.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the most significant principal risks and elements of uncertainties facing the Group and the Parent.

We recommend the annual report for adoption at the Annual General Meeting.

Noerresundby, November 26 2019

## EXECUTIVE BOARD

**PETER RØPKE**  
President and CEO

**MORTEN AXEL PETERSEN**  
CFO

## BOARD OF DIRECTORS

**PETER THOSTRUP**  
Chairman of the Board

**JESPER MAILIND**  
Deputy Chairman

**CHRISTIAN ENGSTED**

**LARS CHRISTIAN TOFFT**

**HENRIK SCHIMMELL**

**KURT HEICK RASMUSSEN**  
Employee Representative

**FLEMMING VENDBJERG ANDERSEN**  
Employee Representative

**KEVIN HARRITSØ**  
Employee Representative

# Independent Auditor's Report

## TO THE SHAREHOLDERS OF RTX A/S

### OPINION

We have audited the consolidated financial statements and the parent financial statements of RTX A/S for the financial year October 1 2018 - September 30 2019, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at September 30 2019, and of the results of their operations and cash flows for the financial year October 1 2018 - September 30 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those

standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of RTX A/S for the first time on May 25 1993 for the financial year 1993/94. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 26 years up to and including the financial year 2018/19.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year October 1 2018 - September 30 2019. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### VALUATION AND RECOGNITION OF CONTRACT DEVELOPMENT PROJECTS IN PROGRESS IN DESIGN SERVICES

Refer to Note 2 and 18 in the Group financial statements. Work in progress at September 30 2019 consists of several different contracts and the gross value of work in progress and the corresponding revenue recognised amounts to DKK'000 91,074 (September 30 2018: DKK'000 115,450). Net value of contract development projects in progress totals DKK '000 11,191 (September 30 2018: DKK'000 12,036).

Significant judgements are required by management in determining stage of completion and estimated profit on each project including assessment of estimated costs to complete for the project.

Contracts are signed on different terms that leads to judgement associated with determining stage of completion and estimated profit. Combined with the significance of revenue recognised and the balance to the financial statements as a whole the valuation and recognition of work in progress is considered to be a key audit matter.

### HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Based on our risk assessment we assessed the relevant internal controls for work in progress primarily relating to contract acceptance and terms, change orders, monitoring of project development, cost incurred and estimating costs to complete.

We obtained from management an overview of the Group's contracts in progress at September 30 2019 as well as

completed contracts during the year. Based on project risk and materiality we selected a sample of contracts where we obtained the underlying contracts including change orders and project reports including cost incurred and estimate of costs to complete. For the selected contracts, we assessed and challenged Management's assumptions for determining stage of completion including estimated profit and cost to complete through interviews with project management and financial controllers as well as our understanding and assessment of the contract terms and final acceptance. Additionally, we discussed and assessed project performance, cost incurred and cost to complete. Furthermore, we performed analysis and retrospective reviews of completed contracts to assess the completeness and accuracy of Management's assumptions applied throughout the contract period.

We have no significant observations with respect to work in progress and corresponding revenue.

#### STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in

doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

#### MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we

exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Aarhus, November 26 2019

**DELOITTE**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Thomas Rosquist Andersen  
State-Authorised  
Public Accountant  
MNE no mne31482

Peter Højen Storgaard  
State-Authorised  
Public Accountant  
MNE no mne33767

# Financial Statements 2018/19

For the period October 1 2018 to September 30 2019

# Income Statement

Amounts in DKK '000	Note	GROUP		PARENT	
		2018/19	2017/18	2018/19	2017/18
Revenue	3, 4	560,273	475,341	560,273	475,329
Value of work transferred to assets	7	16,777	16,305	16,777	16,305
Cost of sales	5	-243,403	-210,542	-242,204	-210,246
Other external expenses	7, 8	-61,107	-50,993	-98,881	-87,756
Staff costs	6, 7	-172,322	-146,988	-138,916	-113,641
<b>Operating profit/loss before depreciation and amortization (EBITDA)</b>		<b>100,218</b>	<b>83,123</b>	<b>97,049</b>	<b>79,991</b>
Depreciation and amortization	12, 13	-13,495	-8,257	-13,275	-8,018
<b>Operating profit/loss (EBIT)</b>		<b>86,723</b>	<b>74,866</b>	<b>83,774</b>	<b>71,973</b>
Financial income	9	5,144	2,305	9,054	7,628
Financial expenses	9	-520	-909	-971	-1,314
<b>Profit/loss before tax</b>		<b>91,347</b>	<b>76,262</b>	<b>91,857</b>	<b>78,287</b>
Tax on profit/loss	10	-19,972	-16,308	-19,949	-15,664
<b>Profit/loss for the year</b>		<b>71,375</b>	<b>59,954</b>	<b>71,908</b>	<b>62,623</b>
<b>Earnings per share</b>					
Earnings per share (DKK)	11	8.4	7.0		
Earnings per share, diluted (DKK)	11	8.3	6.9		
<b>Attributable to:</b>					
Shareholders of the parent		71,375	59,954		
		<b>71,375</b>	<b>59,954</b>		

# Statement of Comprehensive Income

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
<b>Profit/loss for the year</b>	<b>71,375</b>	<b>59,954</b>	<b>71,908</b>	<b>62,623</b>
Items that can be reclassified subsequently to the income statement				
Exchange rate adjustments of foreign subsidiaries	1,875	666	-	-
Fair value adjustment of current asset investments	-	-8	-	-8
Reclassified gains on current asset investments	-	-498	-	-498
<b>Other comprehensive income, net of tax</b>	<b>1,875</b>	<b>160</b>	<b>-</b>	<b>-506</b>
<b>Comprehensive income for the year</b>	<b>73,250</b>	<b>60,114</b>	<b>71,908</b>	<b>62,117</b>
<b>Attributable to:</b>				
Shareholders of the parent	73,250	60,114		
	<b>73,250</b>	<b>60,114</b>		

# Balance Sheet September 30 2019

Amounts in DKK '000	Note	GROUP		PARENT	
		2018/19	2017/18	2018/19	2017/18
<b>ASSETS</b>					
Own completed development projects	12	15,681	11,069	15,681	11,069
Own development projects in progress	12	26,865	22,281	26,865	22,281
Acquired license rights	12	1,055	2,110	1,055	2,110
Goodwill	12	7,797	7,797	-	-
<b>Intangible assets</b>		<b>51,398</b>	<b>43,257</b>	<b>43,601</b>	<b>35,460</b>
Plant and machinery	13	7,892	9,413	7,892	9,413
Other fixtures, tools and equipment	13	3,391	2,888	3,074	2,493
Leasehold improvements	13	3,470	3,190	3,379	3,190
<b>Tangible assets</b>		<b>14,753</b>	<b>15,491</b>	<b>14,345</b>	<b>15,096</b>
Investments in subsidiaries	14	-	-	36,105	34,810
Deposits	15	7,928	7,748	7,125	7,134
Deferred tax assets	10	1,644	6,548	-	5,566
<b>Other non-current assets</b>		<b>9,572</b>	<b>14,296</b>	<b>43,230</b>	<b>47,510</b>
<b>Total non-current assets</b>		<b>75,723</b>	<b>73,044</b>	<b>101,176</b>	<b>98,066</b>
<b>Inventories</b>					
Trade receivables	17	116,720	123,520	116,720	123,520
Contract development projects in progress	18	16,312	15,165	16,312	15,165
Other receivables		3,001	3,378	2,485	2,296
Prepaid expenses		3,005	2,906	2,630	2,906
<b>Receivables</b>	<b>28</b>	<b>139,038</b>	<b>144,969</b>	<b>138,147</b>	<b>143,887</b>
Current asset investments in the trading portfolio	19	153,149	120,528	153,149	120,528
<b>Current asset investments</b>	<b>19</b>	<b>153,149</b>	<b>120,528</b>	<b>153,149</b>	<b>120,528</b>
<b>Cash at bank and in hand</b>		<b>73,556</b>	<b>62,073</b>	<b>70,611</b>	<b>56,523</b>
<b>Total current assets</b>		<b>387,557</b>	<b>349,704</b>	<b>383,721</b>	<b>343,072</b>
<b>Total assets</b>		<b>463,280</b>	<b>422,748</b>	<b>484,897</b>	<b>441,138</b>

Amounts in DKK '000	Note	GROUP		PARENT	
		2018/19	2017/18	2018/19	2017/18
<b>EQUITY AND LIABILITIES</b>					
Share capital	20	44,714	44,714	44,714	44,714
Share premium account		252,367	252,367	252,367	252,367
Reserve related to development costs		-	-	33,186	26,013
Retained earnings		50,359	14,918	12,278	-14,899
<b>Equity</b>		<b>347,440</b>	<b>311,999</b>	<b>342,545</b>	<b>308,195</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	6,144	-	6,144	-
Provisions	22	1,305	905	1,305	905
<b>Non-current liabilities</b>		<b>7,449</b>	<b>905</b>	<b>7,449</b>	<b>905</b>
<b>Current liabilities</b>					
Prepayments received from customers		7,371	1,108	7,371	1,108
Trade payables		44,449	69,360	44,195	69,357
Contract development projects in progress	18	5,121	3,129	5,121	3,129
Payables to subsidiaries	14	-	-	34,067	28,562
Income taxes	10	8,883	1,815	7,747	905
Provisions	22	1,441	1,115	1,441	1,115
Other payables	23	41,126	33,317	34,961	27,862
<b>Current liabilities</b>		<b>108,391</b>	<b>109,844</b>	<b>134,903</b>	<b>132,038</b>
<b>Total liabilities</b>		<b>115,840</b>	<b>110,749</b>	<b>142,352</b>	<b>132,943</b>
<b>Total equity and liabilities</b>		<b>463,280</b>	<b>422,748</b>	<b>484,897</b>	<b>441,138</b>

# Equity Statement

## GROUP

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
Equity as at October 1 2017	45,714	270,723	-33,462	282,975
<b>Profit/loss for the year</b>	-	-	59,954	59,954
Exchange rate adjustments of foreign subsidiaries	-	-	666	666
Fair value adjustment of current asset investment	-	-	-8	-8
Reclassified gains on current asset investments	-	-	-498	-498
<b>Other comprehensive income, net of tax</b>	-	-	160	160
<b>Comprehensive income for the year</b>	-	-	60,114	60,114
Share-based remuneration	-	-	5,346	5,346
Current tax on equity transactions	-	-	2,134	2,134
Deferred tax on equity transactions	-	-	-826	-826
Adjustment deferred tax on equity transactions last year	-	-	-1,573	-1,573
Annulment of treasury shares	-1,000	-18,356	19,345	-11
Paid dividend for 2016/17	-	-	-16,959	-16,959
Acquisition of treasury shares	-	-	-19,201	-19,201
<b>Other transactions</b>	-1,000	-18,356	-11,734	-31,090
<b>Equity as at September 30 2018</b>	<b>44,714</b>	<b>252,367</b>	<b>14,918</b>	<b>311,999</b>

## GROUP

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
Equity as at September 30 2018	44,714	252,367	14,918	311,999
Changes in accounting policies, IFRS 15	-	-	931	931
Tax on changes in accounting policies, IFRS 15	-	-	-205	-205
<b>Equity as at October 1 2018 (restated)</b>	<b>44,714</b>	<b>252,367</b>	<b>15,644</b>	<b>312,725</b>
<b>Profit/loss for the year</b>	-	-	71,375	71,375
Exchange rate adjustments of foreign subsidiaries	-	-	1,875	1,875
<b>Other comprehensive income, net of tax</b>	-	-	1,875	1,875
<b>Comprehensive income for the year</b>	-	-	73,250	73,250
Share-based remuneration	-	-	5,771	5,771
Current tax on equity transactions	-	-	1,990	1,990
Deferred tax on equity transactions	-	-	-1,941	-1,941
Paid dividend for 2017/18	-	-	-17,136	-17,136
Acquisition of treasury shares	-	-	-27,219	-27,219
<b>Other transactions</b>	-	-	-38,535	-38,535
<b>Equity at September 30 2019</b>	<b>44,714</b>	<b>252,367</b>	<b>50,359</b>	<b>347,440</b>

# Equity Statement

## PARENT

Amounts in DKK '000	Share capital	Share premium	Reserve related to development costs	Retained earnings	Total
Equity as at October 1 2017	45,714	270,723	14,885	-53,626	277,696
<b>Profit/loss for the year</b>	-	-	-	62,623	62,623
Fair value adjustment of current asset investments	-	-	-	-8	-8
Reclassified gains on current asset investments	-	-	-	-498	-498
<b>Other comprehensive income, net of tax</b>	-	-	-	-506	-506
<b>Comprehensive income for the year</b>	-	-	-	62,117	62,117
Share-based remuneration	-	-	-	5,346	5,346
Current tax on equity transactions	-	-	-	1,909	1,909
Deferred tax on equity transactions	-	-	-	-1,129	-1,129
Adjustment deferred tax on equity transactions last year	-	-	-	-1,573	-1,573
Annulment of treasury shares	-1,000	-18,356	-	19,345	-11
Paid dividend for 2016/17	-	-	-	-16,959	-16,959
Acquisition of treasury shares	-	-	-	-19,201	-19,201
Development costs	-	-	11,128	-11,128	-
<b>Other transactions</b>	-1,000	-18,356	11,128	-23,390	-31,618
<b>Equity as at September 30 2018</b>	<b>44,714</b>	<b>252,367</b>	<b>26,013</b>	<b>-14,899</b>	<b>308,195</b>

## PARENT

Amounts in DKK '000	Share capital	Share premium	Reserve related to development costs	Retained earnings	Total
Equity as at September 30 2018	44,714	252,367	26,013	-14,899	308,195
Changes in accounting policies, IFRS 15	-	-	-	931	931
Tax on changes in accounting policies, IFRS 15	-	-	-	-205	-205
<b>Equity as at October 1 2018 (restated)</b>	<b>44,714</b>	<b>252,367</b>	<b>26,013</b>	<b>-14,173</b>	<b>308,921</b>
<b>Profit/loss for the year</b>	-	-	-	71,908	71,908
Share-based remuneration	-	-	-	5,771	5,771
Current tax on equity transactions	-	-	-	1,990	1,990
Deferred tax on equity transactions	-	-	-	-1,690	-1,690
Paid dividend for 2017/18	-	-	-	-17,136	-17,136
Acquisition of treasury shares	-	-	-	-27,219	-27,219
Development costs	-	-	7,173	-7,173	-
<b>Other transactions</b>	-	-	7,173	-45,457	-38,284
<b>Equity as at September 30 2019</b>	<b>44,714</b>	<b>252,367</b>	<b>33,186</b>	<b>12,278</b>	<b>342,545</b>

# Cash Flow Statement

Amounts in DKK '000	Note	GROUP		PARENT	
		2018/19	2017/18	2018/19	2017/18
Operating profit/loss (EBIT)		86,723	74,866	83,774	71,973
Reversal of items with no effects on cash flow					
Depreciation and amortization		13,495	8,257	13,275	8,018
Other items with no effects on cash flow	25	7,661	6,305	4,609	1,267
Change in working capital					
Change in inventories		35	343	35	343
Change in receivables		5,931	-38,308	5,740	-37,855
Change in trade payables, etc.		-8,847	39,997	-4,303	41,357
<b>Cash flow from operation activities</b>		<b>104,998</b>	<b>91,460</b>	<b>103,130</b>	<b>85,103</b>
Financial income received					
Financial income received	9	5,188	3,227	5,262	3,350
Financial expenses paid					
Financial expenses paid	9	-520	-774	-971	-1,179
Income taxes paid					
Income taxes paid	10	-2,012	1,746	-1,302	1,695
<b>Cash flow from operations</b>		<b>107,654</b>	<b>95,659</b>	<b>106,119</b>	<b>88,969</b>
Investments in own development projects					
Investments in own development projects		-15,518	-16,305	-15,518	-16,305
Acquisition of intangible assets					
Acquisition of intangible assets		-	-3,165	-	-3,165
Acquisition of property, plant and equipment					
Acquisition of property, plant and equipment		-5,364	-8,406	-5,148	-8,295
Deposits on leaseholds					
Deposits on leaseholds		-180	-52	9	-9
Acquisition of current asset investments in the trading portfolio					
Acquisition of current asset investments in the trading portfolio		-31,379	-1,271	-31,379	-1,271
Dividends from subsidiaries					
Dividends from subsidiaries		-	-	3,729	5,324
<b>Cash flow from investments</b>		<b>-52,441</b>	<b>-29,199</b>	<b>-48,307</b>	<b>-23,721</b>

Amounts in DKK '000	Note	GROUP		PARENT	
		2018/19	2017/18	2018/19	2017/18
Acquisition of treasury shares					
Acquisition of treasury shares		-27,219	-19,201	-27,219	-19,201
Paid dividend					
Paid dividend		-17,136	-16,959	-17,136	-16,959
<b>Cash flow from financing activities</b>		<b>-44,355</b>	<b>-36,160</b>	<b>-44,355</b>	<b>-36,160</b>
Increase/decrease in cash and cash equivalents					
Increase/decrease in cash and cash equivalents		10,858	30,300	13,457	29,088
Exchange rate adjustments on cash					
Exchange rate adjustments on cash		625	-272	631	-277
Cash and cash equivalents at October 1, net					
Cash and cash equivalents at October 1, net		62,073	32,045	56,523	27,712
<b>Cash and cash equivalents at September 30, net</b>		<b>73,556</b>	<b>62,073</b>	<b>70,611</b>	<b>56,523</b>
Cash and cash equivalents at September 30, net are composed as follows:					
Cash at bank and in hand					
Cash at bank and in hand		73,556	62,073	70,611	56,523
Bank debt					
Bank debt		-	-	-	-
<b>Cash and cash equivalents at September 30, net</b>		<b>73,556</b>	<b>62,073</b>	<b>70,611</b>	<b>56,523</b>

# Notes

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## Note

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# Notes

## 1 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING PRINCIPLES

RTX A/S is a Danish public limited company. The annual report of RTX for 2018/19, including both the consolidated financial statements and the Parent financial statements, is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, with reference to the disclosure requirements of listed companies from Nasdaq Copenhagen A/S and the Danish Executive Order on IFRS Adoption issued in accordance with the Danish Financial Statements Act.

The consolidated financial statements and the separate financial statements are presented in DKK, which is the presentation currency for the Group's activities and the functional currency for the Parent Company.

The annual report is based on historical cost prices, except items where IFRS require measurement at fair value. Except for the implementation of new and amended standards as described below, the accounting policies have been applied consistently in the preparation of the consolidated financial statements for all the years presented.

### THE EFFECT OF NEW STANDARDS

IASB has published a number of new standards, amendments to existing standards and interpretations in force for the financial year 2018/19.

Except for IFRS 9 and IFRS 15, as described below, none of the new or amended accounting standards and interpretations have had significant impact on recognition, measurement or disclosure in the consolidated financial statements of 2018/19.

### IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 replaces previous regulation on revenue recognition (IAS 11, IAS 18 and associated interpretations) and introduces a modified model for recognition and measurement of revenue from contracts with customers. Under IFRS 15, timing of revenue recognition is primarily dependent on the transfer of control to the customer for the relevant performance obligations in the contracts as compared to the current regulation, where timing of revenue recognition is primarily dependent on the transfer of risks and rewards to the customer of the goods and services.

IFRS 15 was implemented using the modified retrospective method, with the net effect of transition recognized as an adjustment to the opening balance of retained earnings as at October 1, 2018. Comparative information has not been restated and continues to be reported according to previous regulations regarding revenue recognition.

While revenue from product sales continues to be recognized at a point in time and while revenue from Non-Recurring Engineering (NRE) contracts continues to be accounted for over time, as the contract obligations towards the customer are fulfilled over the course of the contract, the main effect of the new standard for RTX is: The timing of revenue recognition from product sales, now triggered at transfer of control, slightly advancing revenue recognition timing in some situations.

# Notes

## 1 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

Impact on Consolidated financial statements from implementing IFRS 15:

	Previous accounting principle	Impact of IFRS 15	New accounting principle
<b>Income Statement</b>			
Revenue	549,091	11,182	560,273
Cost of sales	-237,590	-5,813	-243,403
Operating profit/loss (EBIT)	81,354	5,369	86,723
Financial expenses	-1,016	496	-520
Tax on profit/loss	-18,682	-1,290	-19,972
Profit/loss for the period	66,800	4,575	71,375
<b>Balance Sheet</b>			
Inventories	28,591	-6,777	21,814
Trade receivables	103,147	13,573	116,720
Total assets	456,484	6,796	463,280
Retained earnings	45,058	5,301	50,359
Deferred tax	4,649	1,495	6,144
Total equity and liabilities	456,484	6,796	463,280

### IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 has replaced IAS 39 Financial instruments and introduced a new model for classifications and measurement of financial assets, liabilities and hedge accounting. A new impairment model for financial assets requires recognition of impairment losses based on expected credit losses rather than incurred losses as in previous regulation.

RTX has implemented IFRS 9 using the simplified approach for calculating expected credit losses. Comparative information has not been restated. The new standard only had an insignificant impact on the financial statement of the Group.

### NEW ACCOUNTING STANDARDS NOT YET ADOPTED

New and revised accounting standards and interpretations issued by IASB in effect for fiscal years commencing on January 1, 2019 or later has not been incorporated in the financial statements. Except for IFRS 16 Leasing (effective from financial years commencing on January 1, 2019 or later - i.e. effective from the fiscal year 2019/20 for the Group) none of the new standards or interpretations are expected to have a significant impact on the financial statements of RTX.

### IFRS 16 – LEASES

The standard changes the accounting principles for leasing contracts, which are currently classified as operational leasing contracts. The standard requires all leasing contracts irrespective of type - with a few exceptions - to be included in the balance sheet of lessee as an asset with an associated leasing obligation. At the same time lessee's income statement is affected, as the leasing costs will be separated into two elements - depreciation and interest costs - as opposed to today, where the costs for operational leasing are reported as other external expenses.

In implementing IFRS 16, RTX expects to recognize a right-of-use asset of approximately DKK 41.0 million mainly relating to lease of premises and an associated lease liability of approximately DKK 43.5 million. EBITDA is expected to improve by approximately DKK 7.0 million in 2019/20 and EBIT is expected to improve by approximately DKK 1.5 million due to depreciations on right-of-use assets. Profit after tax in 2019/20 is expected to be marginally negatively impacted. Net cash flows will not be affected, however implementing IFRS 16 will affect the cash flow statement as lease payments are split into interests and repayment of lease liabilities.

RTX expects to implement the new standard using the modified retrospective approach with right-of-use assets measured as if IFRS 16 had been applied since the commencement date. The effect of transition will be adjusted to the opening balance of retained earnings. Comparative information will not be restated.

# Notes

## 2 UNCERTAINTIES AND ESTIMATES

The Group's accounting policy described in the following notes requires that Management makes assessments and estimates and outlines the assumptions for the financial value of assets and liabilities that cannot be concluded from other sources. Several financial statement items cannot be measured with certainty but only be estimated. Such estimates comprise assessments made on the basis of the latest information available at the time of the financial reporting. The estimates and assumptions are evaluated on an ongoing basis. Changes to the accounting estimates are included in the financial period in which the changes take place, and in future financial periods in the event that the changes have effect both in the actual period and future financial periods. The most significant estimates and assessments are commented below.

### MATERIAL ACCOUNTING ESTIMATES

In relation to the practical application of the accounting policies described, Management performs material accounting estimates and assessments which may have a significant impact on the annual report's assets and liabilities at the balance sheet date. Management bases its estimates on historical experiences as well as assumptions which are assessed as being reasonable under the given circumstances. The result thereof forms the basis for the reported carrying amounts of assets and liabilities as well as the reported income and expenses which are not directly disclosed in other documentation. The actually realized results may deviate from these estimated recognized at the balance sheet date. The following accounting estimates are likely to be significant for the Group and the Parent Company's financial report.

### RECOGNITION OF CONTRACT DEVELOPMENT PROJECTS

Contracts with customer financed development giving the customers full or partial exclusivity for the outcome are classified as development projects with customer financing being recognized in line with the finalisation for the project. The percentage of completion method is the basis for the ongoing recognition of revenue in the Company's use of the production method for contracts and determined by the ratio between the Company's used resources compared to latest total estimate of required resources. The percentage of completion is estimated on an ongoing basis by the responsible employees, and Management carefully follows the development and adjust the estimates if necessary. The revenue from contract development projects in progress at others' expense amount to DKK 96.0 million in 2018/19 (DKK 91.3 million in 2017/18).

### CAPITALIZED (OWN) DEVELOPMENT PROJECTS

Development costs are capitalised when the technical and commercial project plans have been established. In those cases where RTX has signed a contract, where RTX (fully or partially) will finance the development cost in order to win the following supply agreement on non-exclusive terms, the development project is own-financed. Development costs are generally recognized as expenses in the income statement when incurred. In cases where it is likely that the development projects will be marketed in the form of new products with likely revenue over time, and where development projects are clearly defined, the development costs are capitalized and recognized as an asset. The product's lifetime is estimated when development costs are capitalised. Management has assessed that the lifetime of a typical RTX product is three years, hence amortization period. In the balance sheet the development projects amount to DKK 42.5 million as at September 30 2019 (DKK 33.4 million as at September 30 2018).

# Notes

## 3 SEGMENT INFORMATION

The management reporting to the Board of Directors of the parent company in RTX is based on the continued operations in the Group's segments Business Communications and Design Services. Business Communications is a supplier of advanced IP telephony solutions to the Enterprise market. Design Services is a supplier of wireless solutions to the ProAudio and Healthcare markets.

For a presentation of the events within the segments in the financial year and the development compared to 2017/18, please refer to the Management's report.

Segment information relating to business segments in the Group:

2018/19

Amounts in DKK '000	Business Communi- cations	Design Services	Non- allocated	Group
Revenue to external customers	386,815	173,458	-	560,273
<b>Segment revenue</b>	<b>386,815</b>	<b>173,458</b>	<b>-</b>	<b>560,273</b>
<b>EBITDA</b>	<b>84,738</b>	<b>15,480</b>	<b>-</b>	<b>100,218</b>
<b>EBIT</b>	<b>78,496</b>	<b>8,227</b>	<b>-</b>	<b>86,723</b>
Segment assets	159,888	76,607	226,785	463,280
Investment in fixed assets	2,491	2,872	-	5,363

Non-allocated assets primarily consist of bank deposits and current asset investments.

2017/18

Amounts in DKK '000	Business Communi- cations	Design Services	Non- allocated	Group
Revenue to external customers	325,002	150,339	-	475,341
<b>Segment revenue</b>	<b>325,002</b>	<b>150,339</b>	<b>-</b>	<b>475,341</b>
<b>EBITDA</b>	<b>77,452</b>	<b>5,671</b>	<b>-</b>	<b>83,123</b>
<b>EBIT</b>	<b>73,732</b>	<b>1,134</b>	<b>-</b>	<b>74,866</b>
Segment assets	135,094	96,018	191,636	422,748
Investment in fixed assets	5,747	2,643	-	8,390



### MANAGEMENT COMMENTS

In the financial year 2018/19 two customers in Business Communications each represent a revenue higher than 10% of total revenue. The largest customer represents 20.7% (2017/18: 20.1%) of revenue and the second one represents 12.5% (2017/18: 1.0%). The second largest customer in 2017/18 represents a revenue of less than 10% in 2018/19 (2017/18: 13.3%).

# Notes

## 3 SEGMENT INFORMATION (CONTINUED)

The Group's revenue from external customers is specified below.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Denmark	6,340	10,121	6,340	10,121
France	119,227	98,558	119,227	98,558
Netherlands	104,264	51,207	104,264	51,207
Germany	60,150	62,055	60,150	62,055
Other Europe	61,876	69,036	61,876	69,036
USA	116,338	70,395	116,338	70,395
Hong Kong	39,428	66,227	39,428	66,227
Other Asia and Pacific	44,704	38,705	44,704	38,693
Other	7,946	9,037	7,946	9,037
<b>Total</b>	<b>560,273</b>	<b>475,341</b>	<b>560,273</b>	<b>475,329</b>

Revenue distributed to geographic area according to the customer's geographical location. As posted in the balance sheet, all significant assets in the Group are owned by the parent company in Denmark and are thus located in Denmark.

The Group's revenue from external customers is divided into these business areas.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Enterprise	355,871	323,407	355,871	323,395
B2B Headsets	30,944	1,595	30,944	1,595
ProAudio	144,734	123,537	144,734	123,537
Healthcare	28,724	26,802	28,724	26,802
<b>Total</b>	<b>560,273</b>	<b>475,341</b>	<b>560,273</b>	<b>475,329</b>

## 4 REVENUE



### MANAGEMENT COMMENTS

Revenue mainly arises from sale of products, developments projects and royalties. A contract for a development project is typically followed by a supply agreement for the products developed or a royalty agreement.

The sale of products comprises sale of ODM/OEM products and customized modules at fixed prices. Sale of products normally constitute one performance obligation and revenue is recognized at the point in time when transfer of control occurs. RTX is usually entitled to payment at delivery which in the majority of cases coincide with transfer of control.

Development projects carried out at the expense of customers are predominantly characterized by a fixed price contract and a duration less than two years. A development project is usually considered a single performance obligation as different elements of the contract are interdependent in most cases. Revenue is recognized over time applying the percentage of completion method based on the ratio between the Company's used resources compared to latest total estimate of required resources. Upon contract signature, RTX is often entitled to a down payment from the customer. The remaining contract amount is invoiced and becomes due at completion of defined milestones as the project progresses.

Royalties are generated by licenses of intellectual property granted to customers. The majority of royalties are recognized in the period the customer report them as they are sales based and occur after all performance obligations have been satisfied. Royalties from a license granted without a sales-based element are recognized when the customer is provided with access to the intellectual property and as performance obligations are satisfied. Entitlement to payment for royalties usually follows the revenue recognition.

The Group is currently not using financial instruments for hedging revenue.

# Notes

## 4 REVENUE (CONTINUED)

Revenue by type of income:

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Products, etc.	452,865	378,245	452,865	378,233
Development projects	95,957	91,284	95,957	91,284
Royalty	9,894	4,444	9,894	4,444
Other services	1,557	1,368	1,557	1,368
<b>Total</b>	<b>560,273</b>	<b>475,341</b>	<b>560,273</b>	<b>475,329</b>



### ACCOUNTING POLICIES

Revenue comprises sale of products, developments projects and royalties etc. attributable to the fiscal year. Revenue is calculated net of VAT, duties, etc. collected on behalf of a third party.

Revenue from sale of products are recognized at the point in time when transfer of control to the customer has taken place.

Revenue from development projects at the expense of customers and services are recognized over time as the projects are performed according to the percentage of completion method and as agreed services are delivered. Contract costs are expensed when incurred.

The transaction price of a contract is measured at the expected consideration the Group will be entitled to and allocated to the performance obligations of the contract. If the outcome of a development project in progress cannot be estimated reliably, revenue is recognized equivalent to the incurred project costs in the period to the extent that it is probable that these costs will be recovered.

Royalty is recognized as revenue in the period it concerns. If the income depends on future events including the customers' sale of the products containing the technology developed by RTX, the royalty is recognized in the income statement after this event.

If an arrangement contains multiple deliverables, these are divided into separate deliveries addressed individually to the extent that they have been separately quoted, that every delivery has been separately negotiated and the customer has had the opportunity to accept or reject a single supply and the fair value of each deliverable can be measured reliably.

Costs of securing contracts are recognized in the income statement when incurred.

## 5 COST OF SALES



### ACCOUNTING POLICIES

Cost of sales comprises cost paid in order to generate revenue in the financial year, including consumables, freight, customs and write-downs on inventories.

Consumed resources related to development projects financed by a third party are expensed when consumed.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Cost of sales	237,980	205,307	237,980	204,167
Write-down on inventories	285	1,670	285	1,670
Other unit costs	5,138	3,565	3,939	4,409
<b>Total</b>	<b>243,403</b>	<b>210,542</b>	<b>242,204</b>	<b>210,246</b>

## 6 STAFF COSTS AND REMUNERATION



### ACCOUNTING POLICIES

Staff costs comprise wages and salaries, share-based remuneration as well as social security costs, pension contributions etc. for the company's management and staff.

Share-based incentive schemes in the form of restricted share rights (RSU) and matching shares program, where the employees is awarded shares in the Parent (equity-settled share-based payment scheme), is measured at fair value of the rights at the time of issue and are recognized in the income statement under staff costs for the period during which the employees achieve final right to the shares. The setoff entry is recognized directly in equity.

On initial recognition of the restricted share rights and matching shares program an estimate is made regarding the number of rights for which the employees are expected to acquire final right. Subsequently, adjustments are made for changes to this estimate whereby final recognition of the cost corresponds to the actual number of acquired rights to shares.

# Notes

## 6 STAFF COSTS AND REMUNERATION (CONTINUED)

The fair value of the restricted share rights is computed by using the Black & Scholes model for valuation of European call options with the parameters shown below.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Remuneration of the Board of Directors	2,375	1,734	2,375	1,734
Wages and salaries	153,402	130,898	122,492	99,923
Defined contribution pension plans	9,357	7,901	8,496	7,255
Other social security costs, etc.	1,791	1,535	1,451	1,220
Public grants related to staff costs	-452	-487	-452	-487
Other staff costs	78	61	78	61
<b>Staff costs before share-based remuneration</b>	<b>166,551</b>	<b>141,642</b>	<b>134,440</b>	<b>109,706</b>
Share-based remuneration	5,771	5,346	4,476	3,935
<b>Total</b>	<b>172,322</b>	<b>146,988</b>	<b>138,916</b>	<b>113,641</b>
Number of full-time employees at September 30	289	264	195	175
Average number of full-time employees (FTEs)	277	246	186	162
Average number of FTEs employed directly	253	226	186	162

Remuneration to the Board of Directors, the Executive Board and other key management:

### GROUP

Amounts in DKK '000	2018/19			2017/18		
	Board of Directors	Executive Board	Other key management	Board of Directors	Executive Board	Other key management
Wages, salaries and fees	2,375	4,479	4,571	1,734	4,513	3,833
Bonus	-	1,301	1,297	-	446	837
Pensions	-	111	147	-	126	114
Payment in severance period	-	738	-	-	-	-
<b>Total</b>	<b>2,375</b>	<b>6,629</b>	<b>6,015</b>	<b>1,734</b>	<b>5,085</b>	<b>4,784</b>
Share-based remuneration	-	1,653	1,498	-	1,390	1,381
<b>Total remuneration</b>	<b>2,375</b>	<b>8,282</b>	<b>7,513</b>	<b>1,734</b>	<b>6,475</b>	<b>6,165</b>

### PARENT

Amounts in DKK '000	2018/19			2017/18		
	Board of Directors	Executive Board	Other key management	Board of Directors	Executive Board	Other key management
Wages, salaries and fees	2,375	4,479	1,915	1,734	4,513	1,331
Bonus	-	1,301	683	-	446	191
Pensions	-	111	147	-	126	114
Payment in severance period	-	738	-	-	-	-
<b>Total</b>	<b>2,375</b>	<b>6,629</b>	<b>2,745</b>	<b>1,734</b>	<b>5,085</b>	<b>1,636</b>
Share-based remuneration	-	1,653	644	-	1,390	537
<b>Total remuneration</b>	<b>2,375</b>	<b>8,282</b>	<b>3,389</b>	<b>1,734</b>	<b>6,475</b>	<b>2,173</b>

# Notes

## 6 STAFF COSTS AND REMUNERATION (CONTINUED)



### MANAGEMENT COMMENTS

On dismissal by the company, the Executive Board shall be entitled to salary in the period of notice and severance pay totalling up to 12 months' salary and incentive pay, equivalent to DKK 6.0 million (DKK 6.4 million in 2017/18).

The remuneration for each member of the Board of Directors is as follows:

Amounts in DKK '000	2018/19	2017/18
Peter Thostrup, Chairman	600	500
Jesper Mailind, Deputy Chairman	375	300
Christian Engsted, Chairman of the Audit Committee	338	184
Henrik Schimmell	137	-
Lars Christian Tofft	212	150
Kurt Heick Rasmussen	212	150
Flemming Vendbjerg Andersen	212	150
Kevin Harritsø	137	-
Jens Hansen	76	150
Rune Strøm Jensen	76	150
<b>Total</b>	<b>2,375</b>	<b>1,734</b>



### ACCOUNTING POLICIES

#### THE GROUP HAS ENTERED INTO DEFINED CONTRIBUTION PENSION

The Group finances defined contribution plans through regular payments to independent pension and insurance companies, which are responsible for the pension obligations. After payment of pension contributions to defined contribution plans, the Group has no further pension obligations to current or former employees with regard to future developments in interest rates, inflation, mortality, disability, etc. in respect of the amount eventually to be paid to the employee.



### MANAGEMENT COMMENTS

#### RSU PROGRAM:

The Board of Directors at RTX has in 2016/17, 2017/18 and 2018/19 granted restricted share units (RSU) to management as well as key employees as part of the Company's long-term incentive program. The granted restricted share units are earned and matured over a three-year period and cannot vest before the Annual General Meetings in January 2020, January 2021 and January 2022 respectively. Once vested, the employees can freely dispose of the shares.

The grant is conditioned by defined targets for share price and EBITDA achieved in the three years mature period as well as requirements on employment. If the restrictions for the RSU's are fulfilled, they are finally transferred at a price of DKK 0.

The grant is in accordance with the company's guidelines for remuneration. Besides the Executive Board and three other key management employees, 24 key employees have been granted restricted stock units in 2018/19 under the same terms as the terms for the Executive Board. The total number of RSU's is covered by the treasury shares of RTX A/S.

Fair value of RSU's, conditions:

	RSUs granted in		
	2018/19	2017/18	2016/17
Vesting period	2018/19-2020/21	2017/18-2019/20	2016/17-2018/19
Price per share	175.2	150.5	117.4
Volatility	0.25	0.34	0.39
Expected dividend	1.13%	1.30%	1.70%
Risk-free interest rate	-0.54%	-0.32%	0.00%
The expected maturity	28 months	16 months	4 months
Fair value (Black-Scholes) per RSU is calculated to	140.20	99.04	64.07

# Notes

## 6 STAFF COSTS AND REMUNERATION (CONTINUED)

Number of RSU's in RTX A/S:

	Executive Board	Other key management	Other employees	Total
Granted in 2015/16	15,243	26,741	49,500	91,484
Granted in 2016/17	20,608	29,652	42,500	92,760
Granted in 2017/18	13,614	14,388	31,811	59,813
Granted in 2018/19	9,699	12,195	21,088	42,982
<b>Granted as per September 30 2019</b>	<b>59,164</b>	<b>82,976</b>	<b>144,899</b>	<b>287,039</b>
Regulations - ceased employments 2015/16	-9,607	-	-	-9,607
Regulations - ceased employments 2016/17	-	-16,079	-11,500	-27,579
Regulations - ceased employments 2017/18	-	-	-7,760	-7,760
Regulations - ceased employments 2018/19	-3,777	-	-1,029	-4,806
RSU's vested in 2018/19	-5,635	-19,076	-38,737	-63,448
<b>Outstanding as per September 30 2019</b>	<b>40,145</b>	<b>47,821</b>	<b>85,873</b>	<b>173,839</b>



### MANAGEMENT COMMENTS

#### MATCHING SHARES PROGRAM:

In relation to the employment of Peter Røpke as CEO, the Board of Directors of RTX decided to offer him the opportunity to take part in a Matching Shares program. The Board of Directors offered this Matching Shares program in order to ensure focus on long-term value generation.

Under the Matching Shares program Peter Røpke was offered to acquire shares (investment shares) in RTX A/S at his own cost in the first open trading window after joining the company. After 3 years of ownership and maturity period the participant have the right to receive 1.5 shares in RTX A/S per invested share.

The fair value of the Matching Shares program was at the grant date measured at DKK 1.5 million based on the share value at that date. The program is considered an equity-settled share-based transaction.

Peter Røpke has acquired 8,895 shares in RTX and thereby fulfilled the conditions to a grant of 13,343 shares in RTX. The Matching Shares program vested in September 2019 and the shares covered by the program were transferred to the participant.

Number of Matching shares in RTX A/S:

-	-
<b>Outstanding as per September 30 2019</b>	<b>-</b>

Below amounts have been expensed concerning share-based remuneration:

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
RSU programs	5,313	4,846	4,018	3,435
Matching Shares program	458	500	458	500
<b>Share-based remuneration posted as staff costs</b>	<b>5,771</b>	<b>5,346</b>	<b>4,476</b>	<b>3,935</b>

# Notes

## 7 DEVELOPMENT COSTS

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Development cost incurred before capitalization	38,993	34,318	38,993	34,318
Value of work transferred to assets (capitalized)	-16,777	-16,305	-16,777	-16,305
Total amortization on own development projects	6,322	2,039	6,322	2,039
<b>Development cost recognized in the profit and loss account</b>	<b>28,538</b>	<b>20,052</b>	<b>28,538</b>	<b>20,052</b>
Development costs are recognized as follows:				
Other external expenses	4,577	4,534	4,577	4,534
Staff costs	34,416	29,784	34,416	29,784
Value of work transferred to assets	-16,777	-16,305	-16,777	-16,305
Amortization on development projects	6,322	2,039	6,322	2,039
<b>Total</b>	<b>28,538</b>	<b>20,052</b>	<b>28,538</b>	<b>20,052</b>



### MANAGEMENT COMMENTS

Value of work transferred to assets in 2018/19 includes a reversal of capitalized costs of DKK 2.7 million due to a smaller scale modification of the solution developed in one of the Group's development activities.

## 8 FEES TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Total fees to Deloitte can be specified as follows:				
Statutory audit	687	511	600	425
Tax advisory services	567	200	567	200
Other services	411	349	411	349
<b>Total</b>	<b>1,665</b>	<b>1,060</b>	<b>1,578</b>	<b>974</b>



### MANAGEMENT COMMENTS

Fee for non-audit services by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 1.0 million and is comprised of business expansion investigation services, advice on tax matters regarding taxable income and RSU programs as well as other general accounting advice.

# Notes

## 9 FINANCIAL INCOME AND EXPENSES



### ACCOUNTING POLICIES

These items comprise interest income and interest expenses, the interest portion of finance lease payments, foreign exchange gains and losses on receivables, liabilities and transactions in foreign currency, amortisation premium/allowance on financial assets and liabilities etc as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Interest income and interest expenses are accrued based on the principal sum and the effective interest rate. Dividends from investments in other securities and equity investments are recognized when the right to the dividends has been finally obtained.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
<b>Financial income</b>				
Exchange rate gain (net)	2,297	-	2,488	-
Dividends from subsidiaries	-	-	3,729	5,324
Gains on current asset investments reclassified from other comprehensive income	-	498	-	498
Fair value adjustments of investments in trading portfolio	1,242	-	1,242	-
Other financial income	1,605	1,807	1,595	1,806
<b>Total financial income</b>	<b>5,144</b>	<b>2,305</b>	<b>9,054</b>	<b>7,628</b>
<b>Financial expenses</b>				
Interest costs to subsidiaries	-	-	473	424
Exchange rate losses (net)	-	135	-	135
Fair value adjustments of investments in trading portfolio	-	333	-	333
Other financial costs	520	441	498	422
<b>Total financial expenses</b>	<b>520</b>	<b>909</b>	<b>971</b>	<b>1,314</b>



### MANAGEMENT COMMENTS

Amount disclosed as dividends from subsidiaries covers recharge of RSU cost for subsidiaries part of the programs.

## 10 INCOME TAXES



### ACCOUNTING POLICIES

Tax for the year consisting of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and classified directly as equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax. When calculating the current tax for the year, the tax rates in effect at the balance sheet date are used.

Deferred tax is recognized applying the liability method on all temporary differences between the carrying amount and tax based value of assets and liabilities.

Deferred tax is calculated based on the planned use of each asset or the planned winding-up of each liability, respectively. Deferred tax is measured by using the tax rates and tax rules of the respective countries which are expected to apply when deferred tax is expected to be released as current tax.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets for set-off in future positive taxable income. At each balance sheet date, it is reassessed whether sufficient taxable income is likely to occur in future for the deferred tax asset to be used.

# Notes

## 10 INCOME TAXES (CONTINUED)

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
<b>Tax on profit/loss for the year</b>				
Current tax on profit/loss for the year	-10,283	-4,330	-9,929	-3,101
Change in deferred tax	-9,640	-11,684	-10,079	-12,269
<b>Adjustment concerning previous years</b>				
Current tax	47	-	-	-
Deferred tax	-96	-294	59	-294
<b>Total</b>	<b>-19,972</b>	<b>-16,308</b>	<b>-19,949</b>	<b>-15,664</b>
<b>Reconciliation of the effective tax percentage</b>				
Result before tax	91,347	76,262	91,857	78,287
Calculated tax at a tax percentage of 22.0%	-20,096	-16,778	-20,209	-17,223
Effect of different tax percentages for foreign companies	227	74	-	-
Tax value of not tax-deductible costs/ taxable income	-55	690	201	1,853
Adjustment concerning previous years	-48	-294	59	-294
	<b>-19,972</b>	<b>-16,308</b>	<b>-19,949</b>	<b>-15,664</b>
<b>Effective tax percentage (%)</b>	<b>21.9%</b>	<b>21.4%</b>	<b>21.7%</b>	<b>20.0%</b>

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Tax paid/received during the year	2,012	-1,746	1,302	-1,695
<b>Income taxes, net</b>				
Income taxes on October 1, net	-1,815	1,831	-905	1,982
Current tax on profit/loss for the year	-10,283	-4,330	-9,929	-3,101
<b>Tax paid during the year</b>				
Current year	428	564	303	263
Previous years, net	999	-2,009	999	-1,958
Adjustment of current tax concerning previous years, net	47	-	-	-
Current tax of changes in equity	1,785	2,134	1,785	1,909
Exchange rate adjustments	-44	-5	-	-
<b>Income taxes at September 30, net</b>	<b>-8,883</b>	<b>-1,815</b>	<b>-7,747</b>	<b>-905</b>
Which can be specified as follows:				
Income tax receivable	-	-	-	-
Income tax payable	-8,883	-1,815	-7,747	-905
<b>Total</b>	<b>-8,883</b>	<b>-1,815</b>	<b>-7,747</b>	<b>-905</b>

# Notes

## 10 INCOME TAXES (CONTINUED)

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
<b>Deferred Tax</b>				
Deferred tax, net at October 1	6,548	21,221	5,566	20,831
Reclassified regarding previous years	548	-	-	-
Adjustment of deferred tax concerning previous years	-96	-294	59	-294
Foreign exchange adjustment	81	-296	-	-
Change in deferred tax on profit/loss for the year	-9,640	-11,684	-10,079	-12,269
Change in deferred tax on equity for the year	-1,941	-826	-1,690	-1,129
Change in deferred tax on equity for last year	-	-1,573	-	-1,573
<b>Deferred tax, net at September 30</b>	<b>-4,500</b>	<b>6,548</b>	<b>-6,144</b>	<b>5,566</b>
Specification of deferred tax:				
Intangible assets	-6,630	-1,437	-6,630	-1,437
Plant, equipment and leasehold improvements	2,850	3,061	2,806	3,061
Inventories	984	903	984	903
Receivables	-7,237	-2,279	-7,237	-2,279
Non-current liabilities	1,438	775	565	444
Tax loss carryforwards	432	799	-	799
Share-based remuneration	3,663	4,726	3,368	4,075
<b>Total</b>	<b>-4,500</b>	<b>6,548</b>	<b>-6,144</b>	<b>5,566</b>
Which can be specified as follows:				
Deferred tax assets	1,644	6,548	-	5,566
Deferred tax liability	-6,144	-	-6,144	-
<b>Total</b>	<b>-4,500</b>	<b>6,548</b>	<b>-6,144</b>	<b>5,566</b>

## 11 EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

Amounts in DKK '000	GROUP	
	2018/19	2017/18
1,000 shares		
Average number of shares	8,943	9,045
Average number of treasury shares	-397	-489
Average number of shares in circulation	8,546	8,556
Average diluted effect on outstanding RSU	87	135
Average diluted number of shares	8,633	8,691
Profit/loss for the year in DKK '000	71,375	59,954
Earnings per share (DKK)	8.4	7.0
Diluted earnings per share (DKK)	8.3	6.9

# Notes

## 12 INTANGIBLE ASSETS

Amounts in DKK '000	GROUP			
	Own completed development projects	Own development projects in progress	Acquired licence rights	Goodwill
Cost at October 1 2017	2,685	18,412	3,598	8,269
External additions	-	-	3,165	-
Internal additions	-	16,305	-	-
Transfer at completion	12,436	-12,436	-	-
<b>Cost at September 30 2018</b>	<b>15,121</b>	<b>22,281</b>	<b>6,763</b>	<b>8,269</b>
Amortization and impairment at October 1 2017	-2,014	-	-3,598	-472
Amortization for the year	-2,038	-	-1,055	-
<b>Amortization and impairment at September 30 2018</b>	<b>-4,052</b>	<b>-</b>	<b>-4,653</b>	<b>-472</b>
<b>Carrying amount at September 30 2018</b>	<b>11,069</b>	<b>22,281</b>	<b>2,110</b>	<b>7,797</b>
Cost at October 1 2018	15,121	22,281	6,763	8,269
Internal additions*	-	15,518	-	-
Transfer at completion	10,934	-10,934	-	-
<b>Cost at September 30 2019</b>	<b>26,055</b>	<b>26,865</b>	<b>6,763</b>	<b>8,269</b>
Amortization and impairment at October 1 2018	-4,052	-	-4,653	-472
Amortization for the year	-6,322	-	-1,055	-
<b>Amortization and impairment at September 30 2019</b>	<b>-10,374</b>	<b>-</b>	<b>-5,708</b>	<b>-472</b>
<b>Carrying amount at September 30 2019</b>	<b>15,681</b>	<b>26,865</b>	<b>1,055</b>	<b>7,797</b>

\* Refer to note 7 Development costs

Group and Parent figures are the same except for goodwill which only relate to Group.



### ACCOUNTING POLICIES

#### OWN COMPLETED DEVELOPMENT PROJECTS AND PROJECTS IN PROGRESS

Development projects are recognized as intangible assets to the extent that it is likely that the product will generate future financial benefits for the Group, and the development costs associated with each asset can be measured reliably.

Development projects are measured initially at cost. The cost of development projects comprises costs directly attributable to the development projects.

Completed development projects are amortized over the expected life-time. The amortization period is usually 3 years. For development projects protected by intellectual property rights, the maximum amortization period is the remaining term of the rights.

Ongoing development projects recognized in the balance sheet are not amortized but tested at least annually for impairment.

In the case of co-financed development projects where the Group has recognized an intangible asset, reimbursements are offset directly against the value of the intangible asset.

#### GOODWILL

Goodwill arisen in relation to business combinations is recognized and measured initially as the difference between the cost of the acquisition and the fair value of the acquired assets, liabilities and contingent liabilities.

On recognition of goodwill the amount is allocated, at the time of acquisition, to the cash-generating units which are expected to obtain financial advantages from the acquisition. The determination of cash-generating units follows the management structure, internal financial management and financial reporting in the Group.

# Notes

## 12 INTANGIBLE ASSETS (CONTINUED)

The carrying amount of goodwill is allocated as follows to the respective cash-generating units:

Amounts in DKK '000	PARENT	
	2018/19	2017/18
Business Communications	7,797	7,797

As the cash generating activities of the business acquired with RTX Hong Kong Ltd. are now fully integrated into the Business Communications business unit, it has been determined that the carrying amount of goodwill now is allocated to the Business Communications unit as the cash-generating unit.

Goodwill is not amortized, but the carrying amount is tested for impairment at least once a year and more frequently if indications of impairment exists. If the carrying amount of an asset exceeds its recoverable amount, it is written down to its recoverable amount.

The recoverable amounts for the individual cash-generating units to which the goodwill amounts have been allocated are calculated on the units' present value of expected cash flows.



### UNCERTAINTIES AND ESTIMATES

For calculating the value of the cash generating units, Management's latest budgets and strategy plans for the coming 3 years. Management estimates that changes that are likely to occur to the assumptions will not cause the financial value of goodwill to exceed the recoverable amount. Major uncertainties in this connection are associated with the determination of the discount rate and growth rates as well as expected changes in sales prices and production costs in the budget periods.

The determined discount rate reflects market evaluations of the time value of money, reflected in risk free interest and the specific risks connected to the individual cash-generating unit. The pre tax discount rate used in the calculation of recoverable amount is 13% (in 2017/18 13%).

The determined growth rates are based on internal strategy plans and forecast for the coming 3 years. Growth in the terminal period is included at 0.0%. Estimated changes in selling prices and production costs are based on historical experiences as well as expectations for future changes in the market. The prognoses are based on a specific business evaluation of the expected sales prices and production costs. The changes in sales prices and costs are substantially equivalent to the ones used in the calculations 2017/18.



### MANAGEMENT COMMENTS OTHER INTANGIBLE ASSETS

Apart from goodwill, all intangible assets are regarded as having determinable useful lives over which the assets are amortized.

The assessment of the recoverable amount of own development projects in progress is based on net present value calculations for the development projects. Net present value calculations are based on the expected cash flow from the assets in management approved budgets and forecasts over expected lifetime of the projects, and a discount rate before tax at 13% (in 2017/18 13%).

Management estimates that changes that are likely to occur to the assumptions will not cause the financial value of goodwill or development projects to exceed the recoverable amount.

# Notes

## 13 TANGIBLE ASSETS



### ACCOUNTING POLICIES

Plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less estimated residual value after the end of useful life.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	4 to 10 years
Other fixtures and fittings, tools and equipment, including IT equipment	3 to 7 years
Leasehold improvements	Lease period

Depreciation methods, useful lives and residual amounts are reassessed annually. Plant and equipment are written down to the lower of recoverable amount and carrying amount.

### GROUP

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2017	22,306	16,072	2,478
Foreign exchange adjustments	-	-3	-
Additions	4,907	1,465	2,018
<b>Cost at September 30 2018</b>	<b>27,213</b>	<b>17,534</b>	<b>4,496</b>
Depreciation and impairment at October 1 2017	-14,586	-12,986	-1,040
Foreign exchange adjustments	-	24	-
Depreciation for the year	-3,214	-1,684	-266
<b>Depreciation and impairment at September 30 2018</b>	<b>-17,800</b>	<b>-14,646</b>	<b>-1,306</b>
<b>Carrying amount at September 30 2018</b>	<b>9,413</b>	<b>2,888</b>	<b>3,190</b>

### GROUP

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2018	27,213	17,534	4,496
Foreign exchange adjustments	-	133	57
Additions	2,331	1,094	679
Internal additions	-	1,259	-
Disposals	-542	-	-
<b>Cost at September 30 2019</b>	<b>29,002</b>	<b>20,020</b>	<b>5,232</b>
Depreciation and impairment at October 1 2018	-17,800	-14,646	-1,306
Foreign exchange adjustments	-	-109	-57
Depreciation for the year	-3,852	-1,874	-399
Reversal relating to disposals	542	-	-
<b>Depreciation and impairment at September 30 2019</b>	<b>-21,110</b>	<b>-16,629</b>	<b>-1,762</b>
<b>Carrying amount at September 30 2019</b>	<b>7,892</b>	<b>3,391</b>	<b>3,470</b>

# Notes

## 13 TANGIBLE ASSETS (CONTINUED)

### PARENT

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2017	21,764	13,972	1,568
Additions	4,907	1,370	2,018
<b>Cost at September 30 2018</b>	<b>26,671</b>	<b>15,342</b>	<b>3,586</b>
Depreciation and impairment at October 1 2017	-14,044	-11,382	-153
Depreciation for the year	-3,214	-1,467	-243
<b>Depreciation and impairment at September 30 2018</b>	<b>-17,258</b>	<b>-12,849</b>	<b>-396</b>
<b>Carrying amount at September 30 2018</b>	<b>9,413</b>	<b>2,493</b>	<b>3,190</b>

### PARENT

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2018	26,671	15,342	3,586
Additions	2,331	974	584
Internal additions	-	1,259	-
<b>Cost at September 30 2019</b>	<b>29,002</b>	<b>17,575</b>	<b>4,170</b>
Depreciation and impairment at October 1 2018	-17,258	-12,849	-396
Depreciation for the year	-3,852	-1,652	-395
<b>Depreciation and impairment at September 30 2019</b>	<b>-21,110</b>	<b>-14,501</b>	<b>-791</b>
<b>Carrying amount at September 30 2019</b>	<b>7,892</b>	<b>3,074</b>	<b>3,379</b>

# Notes

## 14 INVESTMENTS IN SUBSIDIARIES



### ACCOUNTING POLICIES

Investments in subsidiaries are measured at cost or a lower recoverable amount.

Amounts in DKK '000	PARENT	
	2018/19	2017/18
Cost at October 1	34,810	30,553
Additions	1,295	4,257
<b>Cost at September 30</b>	<b>36,105</b>	<b>34,810</b>
Value adjustment at October 1	-	-
<b>Value adjustment at September 30</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at September 30</b>	<b>36,105</b>	<b>34,810</b>



### MANAGEMENT COMMENTS

Additions to investment in subsidiaries is capital contributions due to Group RSU programs covering employees in the subsidiaries.

Investments in subsidiaries comprise the following entities at September 30 2019:

Name and registered office	Nominal share capital	Owner-ship	Equity DKK '000	Profit for the year DKK '000
RTX America, Inc., USA	T.USD 500	100%	6,207	1,057
RTX Hong Kong Ltd., Hong Kong	T.HKD 1,110	100%	26,996	2,258
<b>Total</b>			<b>33,203</b>	<b>3,315</b>

### SUBSIDIARIES' ADDRESSES AND TIME FOR ESTABLISHMENT:

RTX America, Inc., San Diego, California, USA, established in March 2004.  
RTX Hong Kong Ltd., Hong Kong, purchased in January 2006.

## 15 DEPOSITS

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
<b>Rent deposits</b>				
Cost at October 1	7,748	7,696	7,134	7,125
Exchange rate adjustments	38	11	-	-
Additions for the year	151	41	-	9
Disposals for the year	-9	-	-9	-
<b>Cost at September 30</b>	<b>7,928</b>	<b>7,748</b>	<b>7,125</b>	<b>7,134</b>
<b>Carrying amount at September 30</b>	<b>7,928</b>	<b>7,748</b>	<b>7,125</b>	<b>7,134</b>



### ACCOUNTING POLICIES

Deposits are measured at cost. Deposits are not depreciated.

## 16 INVENTORIES



### ACCOUNTING POLICIES

Inventories are measured at cost using the FIFO method, or net realizable value if this is lower. The net realizable value of inventories is calculated as the estimated selling price less costs of completion and necessary sales costs.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Raw materials and consumables	4,676	4,228	4,676	4,228
Finished goods	17,138	17,906	17,138	17,906
<b>Total inventories</b>	<b>21,814</b>	<b>22,134</b>	<b>21,814</b>	<b>22,134</b>
<b>Write-down of inventories for the year</b>	<b>285</b>	<b>1,670</b>	<b>285</b>	<b>1,670</b>

# Notes

## 17 TRADE RECEIVABLES



### ACCOUNTING POLICIES

Receivables comprise trade receivables, receivables from project contracts as well as other receivables. Receivables are financial assets with fixed or determinable payments which are not listed at an active market and which are not derivatives.

On initial recognition, receivables are measured at fair value and subsequently at amortized cost less allowance for bad debts. Allowance for bad debts are recognized in the income statement as other external expenses.

RTX applies the simplified expected credit loss approach of IFRS 9 whereby an expected loss allowance is created upon initial recognition of a receivable. The loss model used for determining the expected loss allowance is based on historic information and consider forward looking inputs. In the loss model, receivables are grouped using credit risk characteristics like obtained credit insurance, customer bankruptcy etc. and days past due in determining the allowance. Subsequent to initial recognition, receivables are assessed individually in the event that specific indicators point to further allowance for bad debts.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Receivables, gross	117,845	124,645	117,845	124,645
Provision for expected losses	-1,125	-1,125	-1,125	-1,125
<b>Carrying amount at September 30</b>	<b>116,720</b>	<b>123,520</b>	<b>116,720</b>	<b>123,520</b>
<b>Provision for the year</b>	<b>-</b>	<b>-550</b>	<b>-</b>	<b>-550</b>
Provisions account at October 1	1,125	1,675	1,125	1,675
Losses recorded for the year	-	-725	-	-725
Reversed provisions	-	-	-	-
Bad debt provisions for the year	-	175	-	175
<b>Provisions account at September 30</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>	<b>1,125</b>

The Group and Parent company have no overdue trade receivables for which no write-down is recognized, with the exception of receivables where sufficient collateral have been attained.



### UNCERTAINTIES AND ESTIMATES

The Group's credit risks related to trade receivables are assessed on an ongoing basis.

It is RTX's experience that sometimes the credit risk is relatively high, as a substantial part of the outstanding amounts often can be related to a relatively small number of partners and customers.



### MANAGEMENT COMMENTS

For sale on credit RTX makes credit evaluations, credit insurance and bank guarantees to secure the debts. On the date of the balance sheet, approximately 40% (2017/18: 20%) of the company's outstanding debts is secured through credit insurance.

In general, RTX has experienced limited risk of loss on accounts receivables. During the past 5 years only two cases resulted in a loss being recorded and for a total cost equal to less than 0,1% of revenue in the five-year period. Calculated provision for the expected credit loss showed an insignificant difference to already recorded provisions.

Bad debts provision for the year primarily relates to receivables due more than 120 days. Please refer to note 28 for a list of the outstanding debts sorted by maturity.

## 18 CONTRACT DEVELOPMENT PROJECTS IN PROGRESS



### ACCOUNTING POLICIES

Contract development projects are measured at selling price of the work performed at the balance sheet date (percentage of completion) less on account invoicing and allowance for bad debt.

The selling price is measured based on the percentage of completion on the balance sheet date and the total estimated income from each development project. Usually, the percentage of completion is estimated as the ratio between the Company's used resources compared to latest total estimate of required resources.

If the outcome of a development project cannot be estimated reliably, the development project is measured at costs incurred to the extent these can be recovered.

# Notes

## 18 CONTRACT DEVELOPMENT PROJECTS IN PROGRESS (CONTINUED)

When total project costs are likely to exceed total project income for a development project, the expected loss is immediately recognized as costs.

The individual development project in progress is recognized in the balance sheet under receivables or liabilities, depending on whether net value is a receivable or a liability.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Construction cost plus recognized profit to date	91,074	115,450	91,074	115,450
Invoiced on account	-79,883	-103,414	-79,883	-103,414
<b>Contract development projects in progress, net</b>	<b>11,191</b>	<b>12,036</b>	<b>11,191</b>	<b>12,036</b>
Which are recognized in the balance sheet as follows:				
Receivables	16,312	15,165	16,312	15,165
Current liabilities	-5,121	-3,129	-5,121	-3,129
<b>Contract development projects in progress, net</b>	<b>11,191</b>	<b>12,036</b>	<b>11,191</b>	<b>12,036</b>
Total sales value of uncompleted contracts	132,312	152,583	132,312	152,583
Sales value hereof of performed work recognized as income	-91,074	-115,450	-91,074	-115,450
<b>Sales value of non-performed work</b>	<b>41,238</b>	<b>37,133</b>	<b>41,238</b>	<b>37,133</b>
Sales value of non-performed work at the balance sheet date in % of total volume of orders, etc	31%	24%	31%	24%

Revenue recognized that was included in the contract liability balance at the beginning of 2018/19: DKK 3,6 million.

## 19 CURRENT ASSET INVESTMENTS



### ACCOUNTING POLICIES

The Group's portfolio of current asset investments is managed and evaluated on a fair value basis as reflected in the internal information provided to management. The portfolio is measured at fair value through profit and loss as required by IFRS 9 for a business model with these characteristics. The accounting policy under IFRS 9 is consistent with that of prior years under IAS 39.

### CURRENT ASSETS IN THE TRADING PORTFOLIO

The Group's available funds are primarily invested in convertible bonds with a solid credit rating, either in DKK or as an investment in monetary market. RTX has engaged Danske Bank to provide active investment management to part of the Group's portfolio of securities.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Cost at October 1	119,371	99,376	119,371	99,376
Additions for the year	31,379	19,995	31,379	19,995
<b>Cost at September 30</b>	<b>150,750</b>	<b>119,371</b>	<b>150,750</b>	<b>119,371</b>
Value adjustment at October 1	1,157	1,489	1,157	1,489
Value adjustments for the year	1,242	-332	1,242	-332
<b>Value adjustment at September 30</b>	<b>2,399</b>	<b>1,157</b>	<b>2,399</b>	<b>1,157</b>
<b>Carrying amount at September 30</b>	<b>153,149</b>	<b>120,528</b>	<b>153,149</b>	<b>120,528</b>

# Notes

## 19 CURRENT ASSET INVESTMENTS (CONTINUED)

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Current asset investments consist of listed Danish mortgage bonds with an:				
Average expected maturity of (years)	1.4	3.4	1.4	3.4
Average effective rate of interest of	-0.1%	1.0%	-0.1%	1.0%
Bonds are expected to be redeemed within the following periods from the balance sheet date:				
Less than one year	114,862	-	114,862	-
Between one and three years	12,252	18,079	12,252	18,079
Between three and five years	4,594	102,449	4,594	102,449
After five years	21,441	-	21,441	-
<b>Total</b>	<b>153,149</b>	<b>120,528</b>	<b>153,149</b>	<b>120,528</b>



### ACCOUNTING POLICIES

#### CURRENT ASSETS AVAILABLE FOR SALE

The Group had investments in listed Danish bonds issued by the Ship Credit Fund which was classified as current assets available for sale. The remaining bonds were divested in 2017/18. Unrealized losses and gains were recognized in other comprehensive income. Upon sale of the assets, accumulated gains and losses recognized in equity were transferred to the income statement.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Cost at October 1	-	17,886	-	17,886
Disposals for the year	-	-17,886	-	-17,886
<b>Cost at September 30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fair value adjustment at October 1	-	506	-	506
Fair value adjustments for the year	-	-506	-	-506
<b>Value adjustment at September 30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at September 30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes

## 20 SHARE CAPITAL

The share capital of DKK 44,714,190 (2017/18: 44,714,190) consists of 8,942,838 (2017/18: 8,942,838) shares of DKK 5.

The Group holds 465,876 treasury shares at September 30 2019 (374,849 shares at September 30 2018).

There are no shares with special rights.

	PARENT	
	2018/19	2017/18
Development in share capital:		
Share capital at October 1	44,714	45,714
Annulment of treasury shares	-	-1,000
<b>Share capital at September 30</b>	<b>44,714</b>	<b>44,714</b>
Number of shares at DKK 5 at September 30	8,942,838	8,942,838

## 21 TREASURY SHARES



### ACCOUNTING POLICIES

Acquisition and selling prices of treasury shares as well as dividends on these are recognized directly as equity under retained earnings.

	PARENT			
	Nominal value	Number of shares at DKK 5	% of share capital	Transaction price
<b>Amounts in DKK '000</b>				
Shareholding at October 1 2018	1,875	374,849	4.2%	62,367
Purchase for the year	839	167,818	1.9%	27,219
Disposal treasury shares	-384	-76,791	-0.9%	-11,167
Annulment of treasury shares	-	-	0.0%	-
<b>Shareholding at September 30 2019</b>	<b>2,329</b>	<b>465,876</b>	<b>5.2%</b>	<b>78,419</b>
Fair value of shareholding at September 30 2019, DKK '000		76,404		

	PARENT			
	Nominal value	Number of shares at DKK 5	% of share capital	Transaction price
<b>Amounts in DKK '000</b>				
Shareholding at October 1 2017	2,750	549,907	6.1%	73,163
Purchase for the year	567	113,400	1.3%	19,201
Disposal treasury shares	-442	-88,458	-1.0%	-10,651
Annulment of treasury shares	-1,000	-200,000	-2.3%	-19,346
<b>Shareholding at September 30 2018</b>	<b>1,875</b>	<b>374,849</b>	<b>4.2%</b>	<b>62,367</b>
Fair value of shareholding at September 30 2018, DKK '000		67,323		

# Notes

## 22 PROVISIONS



### ACCOUNTING POLICIES

Provisions are recognized when the Group has a legal or constructive obligation as a result of events in this or previous financial years, and repayment of the liability is likely to result in an outflow of the Group's financial resources.

Provisions are measured as the best estimate of costs expected for the obligation to be settled on the balance sheet date. Provisions that are estimated to mature after more than one year after the balance sheet date are measured at their present value.

Warranty obligations comprise commitments to remedy defects and deficiencies on goods sold within the warranty period. The liabilities are based on historical experiences.

When total costs are likely to exceed total income from a contract development project, a provision is recognized equal to the total loss estimated to result from the relevant project.

Provisions on dismissed employees are recognized at the date of the employee's dismissal and are measured as the amount of the salary paid to the employees without any demand for services in return.

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
<b>Provision for warranty obligations</b>				
Provisions at October 1	2,020	1,290	2,020	1,290
Provisions made during the year	1,500	1,280	1,505	1,280
Provisions used during the year	-950	-550	-955	-550
<b>Provisions at September 30</b>	<b>2,570</b>	<b>2,020</b>	<b>2,570</b>	<b>2,020</b>
<b>Provisions for other obligations</b>				
Provisions at October 1	-	250	-	250
Provisions made during the year	176	-	176	-
Provisions used during the year	-	-250	-	-250
<b>Provisions at September 30</b>	<b>176</b>	<b>-</b>	<b>176</b>	<b>-</b>
<b>Total provisions at September 30</b>	<b>2,746</b>	<b>2,020</b>	<b>2,746</b>	<b>2,020</b>
Provisions are recognized in the balance sheet as follows:				
Current liabilities (less than 1 year)	1,441	1,115	1,441	1,115
Non-current liabilities (between 1 and 2 years)	1,305	905	1,305	905
<b>Total</b>	<b>2,746</b>	<b>2,020</b>	<b>2,746</b>	<b>2,020</b>



### MANAGEMENT COMMENTS

The warranty obligations concern return obligations for any faulty products. The warranty period can be up to two years. Other obligations are primarily related to obligations for employees dismissed and disemployed.



### UNCERTAINTIES AND ESTIMATES

The warranty obligations are prepared based on previous years' experience. The expenses are expected to be paid in the period October 1 2019 - September 30 2021 (2017/18: October 1 2018 - September 30 2020).

# Notes

## 23 OTHER PAYABLES

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Wages and salaries, personal income taxes, social security costs, holiday pay, etc.	16,820	12,821	11,830	8,769
Holiday allowance, etc.	16,677	14,176	15,705	13,277
Other costs payable	7,629	6,320	7,426	5,816
<b>Total</b>	<b>41,126</b>	<b>33,317</b>	<b>34,961</b>	<b>27,862</b>



### UNCERTAINTIES AND ESTIMATES

Carrying amount of due items concerning wages and salaries, personal income taxes, social security costs, holiday pay etc. and other expenses due etc. equals the fair value of the liabilities.

The holiday allowance obligations represent the Group's obligations to pay salary during holiday periods which the employees have earned the right to hold in subsequent financial years at the balance sheet date.

## 24 CONTINGENT LIABILITIES, COLLATERAL AND CONTRACTUAL OBLIGATIONS



### ACCOUNTING POLICIES CONTINGENT LIABILITIES

The Group has not incurred any guarantee commitments and has not undertaken any warranty and supply obligations other than the obligations and warranties relating to the services and products developed by the Group.

In 2018/19 RTX A/S has not provided payment guarantees etc. which was also the case in 2017/18.

### CONTRACTUAL OBLIGATIONS

As part of the Group's business the usual customer and supplier agreements etc. have been concluded, letters of intent have been issued to cooperative partners, and moreover, agreements have been entered into on normal business terms.

### OPERATING LEASE COMMITMENTS

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

For the years 2019-2025 operating leases have been concluded for lease of premises, cars and equipment, including IT equipment, etc.

The Group's rental obligations of the leaseholds amount to DKK 33.6 million (DKK 39.8 million at September 30 2018).

Rent and lease payments (minimum lease payments) relating to operating lease contracts, including rental obligations, fall due as follows:

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Less than one year	7,286	6,996	5,091	5,068
Between one five years	21,082	22,719	19,319	19,319
After five years	5,938	10,688	5,938	10,688
<b>Total</b>	<b>34,306</b>	<b>40,403</b>	<b>30,348</b>	<b>35,075</b>

The Group's costs of rent/leasing amounted to DKK 7.2 million in 2018/19 and DKK 7.1 million in 2017/18. The amounts are recognized in the income statement.

# Notes

## 25 OTHER ITEMS WITH NO EFFECTS ON CASH FLOW

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Change in write-down to net realisable value of current assets	285	1,120	285	1,120
Change in provisions	726	480	726	480
Share-based remuneration	5,771	5,346	4,476	5,346
Change of accounting principles, IFRS 15	931	-	931	-
Capital contribution to subsidiaries (RSU programs)	-	-	-	-4,257
Unrealised exchange rate adjustments etc.	-52	-641	-1,809	-1,422
<b>Total</b>	<b>7,661</b>	<b>6,305</b>	<b>4,609</b>	<b>1,267</b>

## 26 RELATED PARTIES

### TRANSACTIONS BETWEEN RELATED PARTIES

Related parties with significant interest in RTX include the Company's Board of Directors, Executive Board and other key management as well as these persons' related nearest family members. In addition, related parties comprise Group entities. An overview of Group entities is disclosed in note 14.

### BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Management's remuneration and share-based remuneration are stated in note 6. Three members of the Board of Directors (the employee representatives) and Jens Hansen (member of the Board of Directors until January 2019) are employed in RTX A/S and for their employment they receive a salary equivalent to their position on market-based terms. In 2018/19 the amount totalled DKK 2.5 million (2017/18: DKK 3.1 million).

### SUBSIDIARIES

In 2018/19 trade etc. between RTX A/S and related parties amounted to DKK 50.4 million (2017/18: DKK 48.5 million). There have been no transactions between the subsidiaries in 2018/19.

Transactions with subsidiaries have comprised the following:

Amounts in DKK '000	SUBSIDIARIES	
	2018/19	2017/18
Purchase of services	50,382	48,469
Received dividends from subsidiaries (recharge of RSU costs)	3,729	5,324
Interest costs for subsidiaries	473	424
Payables to subsidiaries	34,067	28,562

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the applied accounting policies.

In addition, intra-Group balances with subsidiaries comprise money lending as well as ordinary business balances regarding purchase and sale of services.

During the year no transactions were performed between RTX and the Board of Directors, Executive Board, other key management, large shareholders or other related parties, apart from payment of normal management remuneration as disclosed in note 6.

## 27 DIVIDEND

Dividends of DKK 21.2 million will be recommended (2017/18 DKK 17.1 million) equivalent to a dividend per share of DKK 2.50 (2017/18 DKK 2.00 per share). In January 2019 RTX paid dividends of DKK 17.1 million (January 2018 DKK 17.0 million), equivalent to a dividend per share of DKK 2.00 (January 2018 DKK 2.00 per share).

Dividends for the shareholders in RTX have no tax related consequences to RTX A/S.

# Notes

## 28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Categories of financial instruments

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Trade receivables	116,720	123,520	116,720	123,520
Other receivables	6,006	6,284	5,115	5,202
Cash at bank and in hand	73,556	62,073	70,611	56,523
<b>Total receivables and cash measured at amortized cost</b>	<b>196,282</b>	<b>191,877</b>	<b>192,446</b>	<b>185,245</b>
Current asset investments	153,149	120,528	153,149	120,528
<b>Financial assets at fair value through profit/loss</b>	<b>153,149</b>	<b>120,528</b>	<b>153,149</b>	<b>120,528</b>
Payables to subsidiaries	-	-	34,067	28,562
Trade payables	44,449	69,360	44,195	69,357
Other payables	41,126	33,317	34,961	27,862
<b>Financial liabilities measured at amortized cost</b>	<b>85,575</b>	<b>102,677</b>	<b>113,223</b>	<b>125,781</b>



### MANAGEMENT COMMENTS FINANCIAL RISK MANAGEMENT POLICY

As a consequence of its operations, investments and financing, RTX is primarily exposed to changes in exchange rates and the level of interest. The Parent manages the Group's financial risks and coordinates the Group's cash management including financing and investment of surplus liquidity. The Group can use derivatives to some extent. It is the Group's policy not to conduct active speculation in financial risks.

The Group's financial management is directed towards management and reduction of financial risks which are a direct consequence of the Group's operations, investments and financing. The objective is that the Group's financial management will contribute to increasing the predictability of the financial performance, including reducing and delaying the impact of foreign exchange rate fluctuations on the income statement.

### LIQUIDITY RISKS

The Group ensures sufficient cash resources by a combination of cash control and investment in current asset investments.

In order to reduce the risk on deposits, RTX only places deposits in banks with a high credit worthiness and investments in short-term bonds. Bank deposits carry a floating rate.

The maturity dates on the financial liabilities are specified in the notes for each of the liability categories. The Group's liquidity reserve is composed of cash holdings and current liabilities.

The liquidity reserve in the Group is composed as follows:

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Current asset investments in the trading portfolio	153,149	120,528	153,149	120,528
Cash at bank and in hand	73,556	62,073	70,611	56,523
<b>Total</b>	<b>226,705</b>	<b>182,601</b>	<b>223,760</b>	<b>177,051</b>

# Notes

## 28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

Specification of the maturity dates of the financial assets and liabilities divided in time intervals. The specified amounts represent the amounts due including interests etc.

Amounts in DKK '000	GROUP			Total
	Within one year	Between one and five years	After five years	
Trade payables	44,449	-	-	44,449
Other payables	41,126	-	-	41,126
<b>Total</b>	<b>85,575</b>	<b>-</b>	<b>-</b>	<b>85,575</b>

Amounts in DKK '000	PARENT			Total
	Within one year	Between one and five years	After five years	
Trade payables	44,195	-	-	44,195
Other payables	34,961	-	-	34,961
<b>Total</b>	<b>79,156</b>	<b>-</b>	<b>-</b>	<b>79,156</b>



### MANAGEMENT COMMENTS CREDIT RISKS

The Group's primary credit risk is related to trade receivables. The Group's credit risks are assessed on an ongoing basis concerning the trade receivables. By experience, a relatively large credit risk may occur from time to time as a large part of receivables often relates to a relatively small number of counterparties and customers.

The level of risk related to the trade receivables is highly correlated with the financial status of the debtor. RTX uses credit insurance to the extent possible to secure the outstanding amounts. RTX has one single significant trade debtor responsible for 28% of total accounts receivables (2017/18: 16%), for whom it has not been possible to obtain credit insurance. This debtor has been a close partner to RTX for a number of years and has until date not resulted in any losses.

Trade receivables not written down can be specified as follows:

Amounts in DKK '000	GROUP		PARENT	
	2018/19	2017/18	2018/19	2017/18
Amounts not due	103,736	105,379	103,736	105,379
Amounts due with up to 30 days	6,368	15,186	6,368	15,186
Due between 30 and 60 days	6,131	2,936	6,131	2,936
Due between 60 and 90 days	16	-	16	-
Due between 90 and 120 days	83	3	83	3
Due with more than 120 days	386	16	386	16
<b>Total</b>	<b>116,720</b>	<b>123,520</b>	<b>116,720</b>	<b>123,520</b>

Approx. 40% (2017/18: 20%) of the company's receivables are secured by credit insurance on the balance sheet date. Provisions for loss on trade receivables are specified in note 17. More than 80% of amounts due at the balance sheet date have been collected during October 2019.

# Notes

## 28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

### MANAGEMENT COMMENTS CURRENCY RISKS

The Group is exposed to exchange rate fluctuations as the individual Group entities make investments, conduct purchase and sales transactions and have receivables and payables in foreign currencies. The Group's revenue to customers outside Denmark has been more than 95% of total revenue over the past few years. Moreover, the majority of the Group's purchase of products etc. from sub-suppliers is paid in foreign currencies.

The Group can enter commercial hedging transactions, to the extent considered appropriate, to lower any currency exposure. The Group has not entered into commercial hedging transactions in 2018/19 or 2017/18.

Specification of the Group's risks in foreign currencies:

Amounts in DKK '000	GROUP				SENSITIVITY		
	Cash and current asset investments	Receivables	Liabilities	Net position	Expected change in currency exchange rate	Hypothetical effect on result of the year before tax	Hypothetical effect before tax on equity
EUR	26,047	9,523	28	35,542	1%	355	355
USD	10,977	92,178	42,773	60,382	10%	6,038	6,038
Other	762	8	5,739	-4,969	5%	-248	-248
<b>Total at September 30 2019</b>	<b>37,786</b>	<b>101,709</b>	<b>48,540</b>	<b>90,955</b>			
EUR	23,967	8,403	432	31,938	1%	319	319
USD	15,963	116,326	68,809	63,480	10%	6,348	6,348
Other	658	-	5,260	-4,602	5%	-230	-230
<b>Total at September 30 2018</b>	<b>40,588</b>	<b>124,729</b>	<b>74,501</b>	<b>90,816</b>			

Specification of the Parent's risks in foreign currencies:

Amounts in DKK '000	PARENT				SENSITIVITY		
	Cash and current asset investments	Receivables	Liabilities	Net position	Expected change in currency exchange rate	Hypothetical effect on result of the year before tax	Hypothetical effect before tax on equity
EUR	25,841	9,523	28	35,336	1%	353	353
USD	8,985	92,178	43,781	57,382	10%	5,738	5,738
HKD	-	8	32,105	-32,097	10%	-3,210	-3,210
Other	14	-	82	-68	5%	-3	-3
<b>Total at September 30 2019</b>	<b>34,840</b>	<b>101,709</b>	<b>75,996</b>	<b>60,553</b>			
EUR	23,752	8,403	432	31,723	1%	317	317
USD	11,262	116,326	68,961	58,627	10%	5,863	5,863
HKD	-	-	27,902	-27,902	10%	-2,790	-2,790
Other	25	-	110	-85	5%	-4	-4
<b>Total at September 30 2018</b>	<b>35,039</b>	<b>124,729</b>	<b>97,405</b>	<b>62,363</b>			

### UNCERTAINTIES AND ESTIMATES

The Group's major currency exposure relates to sale in EUR and USD.

Due to Denmark's fixed-rate policy for EUR, currency risks in relation to EUR are not hedged. During 2018/19, RTX has not hedged USD. A decline in the exchange rates will have an equivalent negative influence on the annual result and equity.

# Notes

## 28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)



### MANAGEMENT COMMENTS INTEREST RATE RISK

The Group is primarily exposed to interest rate risks through interest-bearing assets and liabilities. The overall objective of controlling the interest rate risk is to reduce the negative impacts of interest rate fluctuations on earnings and the balance sheet.

The Group is only directly exposed to interest rate risks on bank deposits and indirectly on excess liquidity invested in short term liquid bonds in DKK with a strong credit rating. Please refer to note 19 on current asset investments.



### UNCERTAINTIES AND ESTIMATES

Fluctuations in the interest rate level affect the Group's bond portfolios and bank deposits. An increase in the interest rate level of 1% point per annum compared to the interest rate level at the balance sheet date will expectedly have a negative impact of DKK 2.2 million (September 30 2018: DKK 3.0 million) before tax on the Group's income statement and equity.

A decline in the interest rate level will expectedly have a positive impact on the income statement and equity.



### MANAGEMENT COMMENTS CAPITAL STRUCTURE

The Group's capital structure is characterised by a considerable equity share. The business conditions for RTX A/S are characterised by a high degree of uncertainty, which requires a substantial equity, among other things to implement large and long-term development projects at the Group's own expense, for instance in connection with the set-up of technology platforms or by cultivating new business areas and markets.

The Group's equity share amounted to 75.0% at the end of the financial year 2018/19 compared to 73.8% in 2017/18.



### MANAGEMENT COMMENTS FINANCIAL GEARING

The Company's Board of Directors reviews the Group's capital structure in connection with the announcements of interim reports and annual reports. As part of these reviews, the Board of Directors reviews the Group's cost of capital and the risks related to the various types of capital.

# Notes

## 28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)

The financial gearing in the Group, calculated as the ratio of interest-bearing net debt to equity, can be calculated at the balance sheet date as follows:

Amounts in DKK '000	GROUP	
	2018/19	2017/18
Income taxes payable	8,883	1,815
Current asset investments in the trading portfolio	-153,149	-120,528
Cash at bank and in hand	-73,556	-62,073
<b>Interest-bearing net debt</b>	<b>-217,822</b>	<b>-180,786</b>
Equity	347,440	311,999
Financial gearing	-0.63	-0.58

### BREACH OF LOAN AGREEMENT TERMS

The Group has not neglected or been in breach of loan agreements in the financial year or the comparative year.

### FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

The below indicates the classification of the financial instruments divided in accordance with the fair value hierarchy:

- Listed prices in an active market for the same type of instrument (level 1)
- Listed prices in an active market for similar assets or liabilities or other valuation methods, where all significant input is based on observable market data (level 2)
- Valuation methods, where any significant input is not based on observable market data (level 3)

Amounts in DKK '000	GROUP			Total
	Level 1	Level 2	Level 3	
Bonds listed on the stock exchange, in the trading portfolio	153,149	-	-	153,149
<b>Financial assets at fair value at September 30 2019</b>	<b>153,149</b>	<b>-</b>	<b>-</b>	<b>153,149</b>
Bonds listed on the stock exchange, in the trading portfolio	120,528	-	-	120,528
<b>Financial assets at fair value at September 30 2018</b>	<b>120,528</b>	<b>-</b>	<b>-</b>	<b>120,528</b>

## 29 EVENTS AFTER THE BALANCE SHEET DATE

No material events with effect for the annual report have occurred after the balance sheet date.

# Notes

## 30 ACCOUNTING PRINCIPLES APPLIED



### ACCOUNTING POLICIES

In addition to the description in Notes 1 - 29, the accounting principles are as described below.

### GROUP FINANCIAL STATEMENT

The consolidated financial statement includes the parent company RTX A/S and the entities (subsidiaries) controlled by the parent. The parent company is considered to have control when it directly or indirectly holds more than 50% of the voting rights or otherwise controls or actually exercises control.

RTX A/S and its subsidiaries are collectively referred to as the Group.

#### CONSOLIDATION PRINCIPLES

The consolidated financial statements are prepared on the basis of financial statements of the Parent Company and its subsidiaries by combining accounting items of a uniform nature, with subsequent elimination of intercompany income and expenses, shareholdings, intercompany balances, dividends as well as unrealized profit and losses on transactions between the consolidated entities in the Group. The accounts used for consolidation are prepared in accordance with the Group's accounting principles.

#### ACQUISITIONS OF SUBSIDIARIES

On acquisition of subsidiaries the acquisition method is applied whereby the acquired identifiable assets, liabilities and contingent liabilities are recognized and measured at fair value. Newly acquired subsidiaries are consolidated from the date of acquisition. The acquisition date is the date on which control of the subsidiary is effectively transferred. Sold or liquidated subsidiaries are recognized in income until the sale or liquidation. The date of sale is the date on which control of the subsidiary is effectively transferred to a third party. Transaction costs are recognized as operating costs as they incur.

Goodwill is recognized in intangible assets. It is not amortized but tested for impairment at least once a year and also in the event that changes in circumstances indicate the carrying value may be impaired. If impairment is established, the goodwill is written down to its lower recoverable amount.

## FOREIGN CURRENCY

The financial statement items for each of the Group's subsidiaries are measured in the currency used in the country of which the subsidiary operates, while the functional currency of the Parent Company is Danish kroner (DKK). The consolidated financial statement of the Group is presented in Danish kroner (DKK).

Transactions in currencies different of the functional currency in the Parent Company (DKK), are translated into the functional currency at the exchange rate of the transaction date.

Monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the closing rate. Exchange rate differences between the transaction date and the date of payment, the balance sheet date respectively, are recognized in the income statement as financial items.

On recognition in the consolidated financial statements of entities that report in a functional currency other than Danish kroner (DKK), income statements are translated at average exchange rates for the months. Balance sheet items are translated at the closing exchange rates. Goodwill is considered to belong to the acquired entity and translated at the closing rate at the balance sheet date.

Exchange rate differences between foreign subsidiaries' balance sheet items and income statement items are recognized in other comprehensive income. Similarly, exchange rate differences arising as a result of changes made directly in the foreign subsidiaries' equity are also recognized in other comprehensive income. Other foreign exchange rate gains and losses are recognized in the income statement under financial items.

## INCOME STATEMENT

#### OTHER EXTERNAL COSTS

Other external costs include costs for premises, marketing and sales, administration, loss of debtors, etc. Other external costs also include external costs of development for own financed projects that does not meet the criteria for capitalization. Furthermore, provisions for losses on development projects in progress are included.

#### OWN FINANCED DEVELOPMENT PROJECTS

Costs for own financed development projects are held in cases where a project is started without contracted with a third-party customer financing of the development project.

Development costs are generally recognized as expenses in the income statement when incurred. In cases where it is likely that the development projects will be marketed in the form of new products in potential markets, and development projects are clearly defined, the development costs are recognized as an asset.

# Notes

## BALANCE SHEET

### IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS AND CAPITAL SHARES IN SUBSIDIARIES

The carrying values of tangible and intangible assets with definite life-time, as well as the Parent company's capital shares in subsidiaries, are reviewed at the balance sheet date to determine whether there are indications of impairment. If there are indications of impairment, the recoverable value is estimated in order to establish the need for any write-down and the extent thereof. For ongoing development projects and goodwill, the recoverable value is estimated annually, regardless of whether there are indications of impairment.

If the individual assets do not generate cash flows independently of other assets, the recoverable amount is estimated for the smallest cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less sales costs and capital value. The recoverable amount is determined as the present value of the discounted future net cash flow from the activities goodwill relates to. In calculating the present value, the discount rate applied reflects a risk-free rate added an asset specific risk premium.

If the recoverable value is estimated to be less than the carrying amount, the recoverable amount is used. Impairment losses are recognized in the income statement.

On any subsequent reversal of impairments, the carrying value is increased to the adjusted estimate of the recoverable amount. However, this cannot exceed the carrying amount that the asset would have had in case of a non-impairment. Impairment of goodwill is not reversed.

### OTHER FINANCIAL LIABILITIES

Other financial liabilities, including bank loans, trade payables and payables to public authorities, etc., are initially measured at fair value, corresponding to the proceeds received net of any transaction costs. Liabilities are subsequently measured at amortized cost using the effective interest method, whereby the difference between the proceeds and the nominal value is recognized as financial costs over the term of the loan.

## CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method divided into operating, investing and financing activities and the impact of how these cash flows have affected the cash position for the year. Cash flows from operations are calculated as net operating profit adjusted for non-cash operating items and changes in working capital, less net financial income and expenses and the financial corporation tax.

Cash flows from investing activities include payments in connection with acquisition and divestment of companies and financial assets as well as acquisition, development, improvement and sale of intangible and tangible assets.

Cash flows from financing activities comprise changes in the Parent Company's share capital and related costs as well as the raising and repayment of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends.

Cash and cash equivalents comprise cash less any overdraft facilities that are an integral part of the Group's cash management.

## SEGMENT INFORMATION

The Group has two reportable segments: Design Services and Business Communications. The segments are described in detail in the management report, with Design Services covering the ProAudio and Healthcare market segments and Business Communications covering the Enterprise market segment (incl. Enterprise adjacencies).

The Group's reportable segments are determined based on the internal financial reporting to the Executive Board of the Group. The segments are strategic business units that sell different products and services. Each business is operated relatively independently of the other and follow separate strategies.

Segment income and expenses and assets include items directly attributable to the segments. Unallocated items primarily include income and expenses and assets and liabilities associated with the Group's administrative functions.

# Notes

## RATIO DEFINITIONS AND CALCULATION FORMULAE

Earnings per Share (EPS) and Diluted Earnings per Share (DEPS) are calculated in accordance with IAS 33.

The other ratios have been calculated in accordance with "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts, unless otherwise indicated.

Operating profit/loss <sup>1)</sup>	Profit/loss before financial income and expenses
Growth in net turnover <sup>1)2)</sup>	$\frac{(\text{Net turnover in year } n - \text{net turnover in year } n - 1) * 100}{\text{Net turnover in year } n - 1}$
Profit margin <sup>1)</sup>	$\frac{\text{Operating profit/loss} * 100}{\text{Net turnover}}$
Return on invested capital (ROIC including goodwill) <sup>1)</sup>	$\frac{\text{Operating profit/loss before amortization (EBITA)} * 100}{\text{Average invested capital including goodwill}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} * 100}{\text{Average equity}}$
Equity ratio <sup>2)</sup>	$\frac{\text{Equity at year-end} * 100}{\text{Total assets at year-end}}$
Earnings per share (EPS)	$\frac{\text{Profit/loss from ordinary activities after tax}}{\text{Average number of shares in circulation each at a nominal value of DKK 5}}$
Diluted earnings per share (DEPS)	$\frac{\text{Profit/loss from ordinary activities after tax}}{\text{Average number of diluted shares each at a nominal value of DKK 5}}$
Equity value per share <sup>2)</sup>	$\frac{\text{Equity at year-end}}{\text{Number of shares in circulation at year-end}}$
Dividends per share	$\frac{\text{Total dividends paid}}{\text{Average number of issued shares each at a nominal value of DKK 5}}$

1) Key ratios have been calculated on the basis of items comprising the Group's continuing operations.

2) Not defined by the Danish Association of Financial Analysts.

Computation of earnings per share and diluted earnings per share is specified in note 11.

# Technical Terms and Explanations

Term	Explanation
<b>Bluetooth™</b>	Bluetooth is a technology primarily intended as replacement for cables over short distances (typically 10-100 meters). The latest version of the Bluetooth standard is version 5. Bluetooth is being used for voice, music and data, where data now also includes IoT especially when Bluetooth is operated as Bluetooth Low Energy. Due to technical limitations, Bluetooth is not used for super low latency applications.
<b>CAT-iq™</b>	CAT-iq™ is an abbreviation of Cordless Advanced Technology – internet and quality. The CAT-iq™ standard supports new and existing consumer products within wireless communication. CAT-iq™ is based on the already existing DECT technology and connects broadband and telephony.
<b>DECT</b>	DECT (Digital Enhanced Cordless Telecommunications) is a technology that was created for wireless indoor telephony. It was originally a European standard developed by ETSI (European Telecommunications Standards Institute), but it has subsequently also been adopted across the world including the Americas and Japan and most other places. DECT is still a strong technology that is used in other contexts other than wireless telephones, such as microphones and intercom systems. These special applications are on the rise and are expected to increase even more with new updates to the DECT standard in the coming years that will enable e.g. lower latency solutions.
<b>IP/VoIP</b>	Internet Protocol (IP) is a method or protocol for sending data over the Internet. IP networks are package-linked networks in which data is divided into packages of varying sizes. Voice can also be transferred via an IP network (Voice over IP - VoIP) and an application using this is called IP Telephony. IP is also used as an abbreviation for ownership of intellectually generated properties, "Intellectual Property". Is also abbreviated as IPR, "Intellectual Property Rights".

Term	Explanation
<b>ODM</b>	Original Design Manufacturer (ODM) is a business model involving the development of a product according to the customer's product requirement specification. In the typical ODM model, the ODM supplier designs, develops and manufactures the complete product. For instance, based on detailed product requirement specifications from a customer.
<b>OEM</b>	An Original Equipment Manufacturer (OEM) is a manufacturing company developing and manufacturing standardized products or modules, which are incorporated into end products using the reseller's brand name. There is a low degree of customization of the OEM product compared to an ODM offering. The customer only performs a few alterations to the final product, usually only adding a brand name and packaging.
<b>PBX/PABX</b>	Originally, telephone calls had to be connected manually by a switchboard operator. Such a system was known as a PBX, or Private Branch Exchange. These days, such connections are established automatically, and so the term Private Automatic Branch Exchange (PABX), i.e. an automated switchboard, is used.
<b>Repeater</b>	A repeater is a unit which transmits the data it receives. A repeater is primarily used to extend the coverage area for a wireless technology (for instance, a DECT repeater can extend a DECT telephone's coverage area).
<b>RF/HF</b>	Radio frequency or high frequency (HF) is a generic description of the radio waves applied for everything from TV and radio to wireless two-way communication (telephony, Walkie-Talkie, etc.) and radar.
<b>VoIP</b>	See IP/VoIP.
<b>Wi-Fi</b>	Wi-Fi is a standard for wireless transfer of data (for instance in a WLAN) based on IEEE802.11 specifications. Wi-Fi operates primarily in the 2.4GHz and 5.8GHz bands, but is now being expanded into both sub-GHz and millimeter wave bands making long range (in distance) as well as super high transfer speeds (hundreds of Gbps) possible. RTX uses Wi-Fi chipsets in a proprietary mode that allows predictable latency and very robust connections suitable for e.g. live music.

# Addresses

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