



ANNUAL REPORT 2017/18

TRANSFORMING
WIRELESS WISDOM
INTO SOLUTIONS



CVR NO.: 17 00 21 47

AT RTX, WE ARE PROUD TO
BE CELEBRATING OUR 25TH
ANNIVERSARY IN 2018. READ
MORE ABOUT OUR STORY
ON PAGE 16.

25TH
ANNIVERSARY **RTX**



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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 of designing advanced wireless short-range radio systems and products. Our heritage has provided us with a unique combination of software and hardware capabilities through which RTX manages projects for globally recognized customers, from conceptualization to finished products and modules.

At RTX, we develop, innovate and manufacture customized solutions, which provide effortless wireless communication for large corporations and people across the globe. Developing wireless products and solutions can be complex. At RTX, we pride ourselves on making products that are complex on the inside and look simple on the outside.

RTX is well positioned in the market with a great mix of customer-financed development projects combined with internally-financed development projects, where ODM/OEM products or software are resold to several customers across the globe. We provide innovative and customized solutions to world-leading brands.

1993

Founded in 1993 and headquartered in Denmark

+1,000

Projects completed

264

FTEs at September 30, 2018

ISO 9001

Globally certified since 2017

REVENUE
NORTH AMERICA

DKK **73**_m
(+21%)

REVENUE
EUROPE

DKK **291**_m
(-4%)

REVENUE
AFRICA

DKK **6**_m
(+26%)

Key facts 2017/18

REVENUE

475

DKKm

GROWTH

+10%

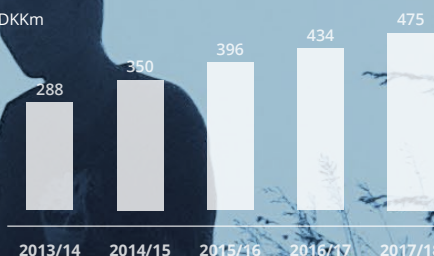
EBIT

75

DKKm

REVENUE

DKKm



REVENUE BY SEGMENT

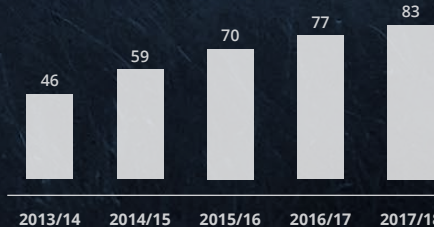
Business Communications

Design Services



EBITDA

DKKm



REVENUE
ASIA AND PACIFIC

105
DKK m
(+63%)

REVENUE BY BUSINESS AREA



ENTERPRISE

DKKm

323



PROAUDIO

DKKm

123



HEADSET

DKKm

2



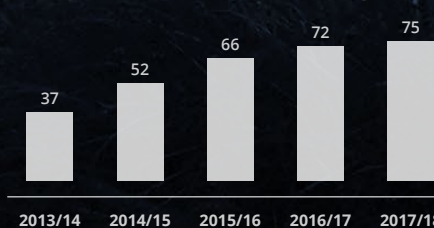
HEALTHCARE

DKKm

27

EBIT

DKKm



PETER THOSTRUP
Chairman of the Board

PETER RØPKE
President & CEO

DEAR SHAREHOLDER

RTX continues to grow

RTX performed well in the 2017/18 financial year. Both our top and bottom line results were in line with expectations. During the year we continued to implement and further develop our strategy, while also developing customer relations. We signed two new significant framework agreements. In cooperation with our customers, we developed innovative wireless solutions, and we launched new products for the professional communication market.

Generating revenue of DKK 475 million and EBIT of DKK 75 million in the 2017/18 financial year, RTX performed in line with guidance for the year and even a bit better. We grew revenue by 10% and EBIT by 4%, reporting an EBITDA margin of 17%. RTX continued investing in in-house developed products. For example, we continued the development of our business headset program, while also investing in a new range of wireless handsets and base stations for professional use. Both initiatives support the defined strategy to strengthen our position within enterprise communication and business headsets. Furthermore, RTX continued to invest in new technology for the professional audio market, for which we have developed solutions and modules especially designed for professional audio and gaming.

Despite the positive results, we did face certain challenges during the year, such as the negative effects of currency developments (primarily USD/DKK) and a shortage of components in the global electronics market. Currency developments had a negative impact of DKK 17 million on our revenue. While we generated 10% revenue growth in DKK, our revenue corrected for exchange rate effects was up by 14%.

Our two business units developed well during the financial year. We experience growing demand for wireless solutions from both existing and new customers. As a result, we increased the number of employees during the year both in Denmark and in our international subsidiaries, bringing the total headcount at RTX at the end of the 2017/18 financial year to 264 from 235 last year. In other words, we added 29 new employees in 2017/18, 25 of them in Denmark.

Business Communications reported 2017/18 revenue of DKK 325 million, equivalent to an increase of 12%. Growth was primarily driven by higher sales of telephony equipment for SMEs, which grew by 27% over last year.

Design Services reported 2017/18 revenue of DKK 150 million, equivalent to an increase of 4%. Growth was driven by improved sales of development projects, complete wireless solutions and modules.

DIVIDEND AND SHAREHOLDER-RELATED ACTIVITIES

In accordance with the authorization provided at the Annual General Meeting in 2017, RTX acquired 113,400 treasury shares during the 2017/18 financial year at a value of DKK 19 million. The purpose of the share buyback programme is partly to adjust the company's capital structure and partly to cover future share-based remuneration obligations (see announcement no. 35/2017). RTX currently has no intention of establishing a new share buyback programme, as Management is currently considering the opportunities for non-organic growth.

Based on the positive results of 2017/18, the strong capital structure of RTX and Management's expectations for the future, the Board of Directors proposes a dividend of DKK 2.00 per share be adopted at the Annual General Meeting in January 2019.

EXPECTATIONS FOR 2018/19

Work continued at RTX during the past year to further develop our strategy. We will continue to develop our business within the four business areas introduced last year:

- Enterprise Communications, through which we supply product solutions to large, medium and small-sized businesses. RTX already holds a strong position, which we expect to expand over the coming years.
- Business Headsets which is a new business area for RTX. We expect to be able to take advantage of our current strong position in the professional Enterprise segment to build this business.

- Professional Audio, in which for many years we have developed wireless solutions for many world-leading brands. We expect to develop our position further in the coming years and to expand our solution to even more applications within professional audio and gaming.
- Healthcare, in which we are already supplying various wireless solutions for patient monitoring. Going forward, we expect to be able to further develop this business.

At the same time, we wish to ensure a healthy and long-term development of RTX, and thus we wish to maintain an EBITDA margin at a minimum of 16%.

RTX has a relatively large exposure to the US dollar, as a considerable part of our revenue is settled in this currency. This matter is further described in the section on risk management. Given the potential volatility of the USD/DKK exchange rate. Management expects revenue in the DKK 520-550 million range, EBITDA in the DKK 85-100 million range and EBIT in the DKK 65-80 million range for the financial year 2018/19.

The results achieved by RTX are very much due to our qualified and committed employees and we wish to thank everyone for their strong day-to-day efforts during the past year. We could not have accomplished our results without them.

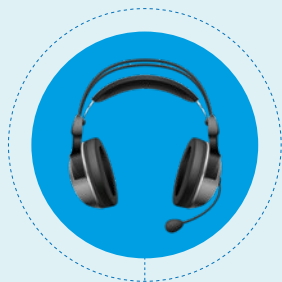
PETER THOSTRUP
Chairman

PETER RØPKE
CEO



Accomplishments & Results 2017/18

Main events 2017/18



GAMING PLATFORM LAUNCHED

The RTX super low latency and robust communication gaming platform was launched. This is a very flexible platform e.g. if the radio frequency environment is harsher than usually experienced, a small amount of latency can be traded for increased robustness. Likewise, the platform supports various combinations of point to point, point to multipoint or multipoint to point connections to satisfy almost everybody's needs.



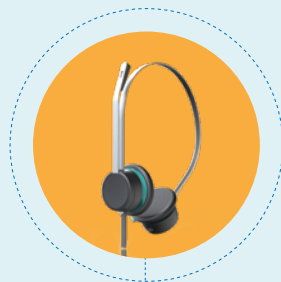
EXPANDED FOCUS ON PROAUDIO (SHEERLINK)

The ProAudio business initiated in-depth R&D and market research to further leverage on the super low latency codec Sheersound™ invented by RTX last year. The objective is to widen RTX's offerings for the professional audio market by showcasing a range of more standardized products complementing the range of custom solutions. The product portfolio is named Sheerlink™ and the first products being introduced will connect stage guitars wirelessly to amplifiers.



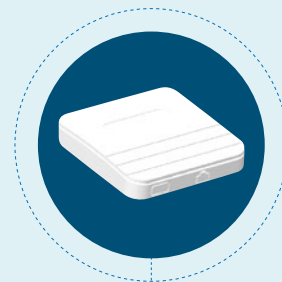
INTERCOM EXPANDING INTO CRITICAL COMMUNICATIONS

In 2017/18, RTX utilized its strong position within Intercom solutions to expand into the market of Critical Communication. A platform particularly suited for first responders and others demanding communication systems with the highest possible robustness and flexibility has been introduced to the market. This unique concept and platform requires no fixed infrastructure and features dynamic self-reconfiguration, as users enter and leave the coverage area. This ensures that the highest possible degree of communication can be maintained between groups handling an emergency.



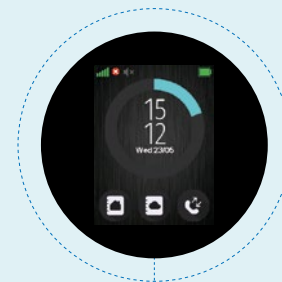
MAJOR FRAMEWORK AGREEMENT ON HEADSETS SIGNED

The framework agreement signed on headsets includes a full range of wired and wireless headsets customized to fit specific customer needs. The customer is expected to roll-out the headsets through existing and well-established sales channels globally.



RENEWED HANDSET AGREEMENT WITH LONG-TERM PARTNER

RTX strengthened its position in the Enterprise DECT segment by renewing and adding new products to the contract with one of our long-term partners. The new handset agreement includes products for location detection, alarming and healthcare applications.



NEW VOIP SYSTEM DELIVERIES TO NEW CUSTOMER

The new system delivery contract includes the full range of RTX VoIP products on infrastructure and handsets, Multicell, single cell, repeater, full range of handsets in the customer's own ODM design.

The new OEM customer will bring the branded solutions to one of the world's most well-established sales channels.

2017/18 Performance

RTX continued to deliver growth on all guided financials with revenue and EBITDA in the mid to high end of guidance and EBIT marginally above guidance.

REVENUE

In 2017/18, RTX delivered Group revenue of DKK 475 million equivalent to an increase of 10% compared to last year's revenue of DKK 434 million. Both business units contributed positively to revenue growth, with Business Communications reaching DKK 325 million, a DKK 35 million or 12%, increase over last year. Revenue growth in Business Communications originated entirely from its largest segment VOIP, which grew revenue by DKK 40 million to DKK 189 million.

Design Services reached total revenue of DKK 150 million, growing the business by DKK 6 million or 4% compared to last year. Revenue growth predominantly originated from customer-financed projects as well as customized modules.

Most regions contributed positively to revenue growth with Asia and Pacific and the US growing by DKK 41 million and DKK 12 million respectively. Growth was predominantly driven by existing customers and to some extent by new customers across both business units.

GROSS PROFIT & GROSS MARGIN

Gross profit amounted to DKK 265 million, an increase of DKK 26 million over last year. Cost of sales was up by 8% to DKK 211 million for a gross margin of 56% in 2017/18 compared to 55% last year. The positive development was based on a focused effort on value upgrade of existing customers in both business units, despite the growing demand for, and increasing lead times on, key electronic components.

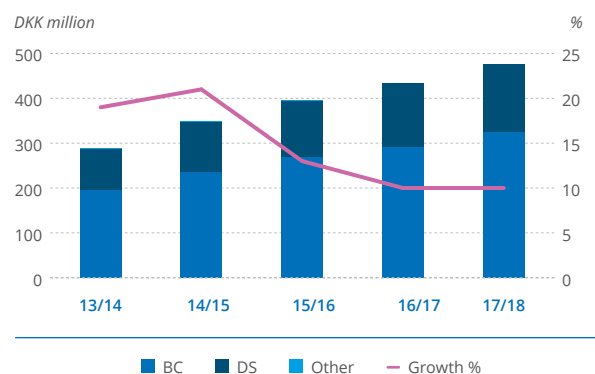
COSTS

Capacity costs increased by 11% to DKK 198 million in 2017/18, driven by a higher level of activity resulting in a growing number of employees across both business units to further support the continued investments in self-financed development projects as well as customer-financed projects in Design Services.

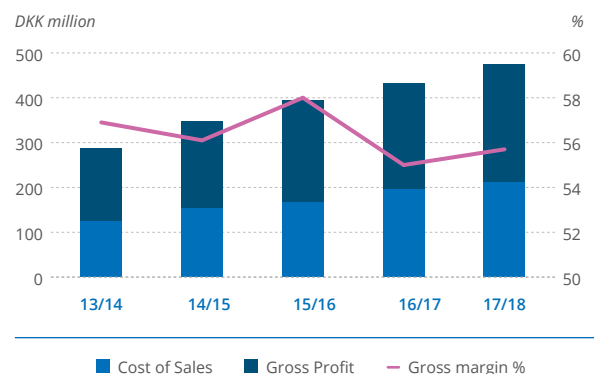
VALUE OF OWN WORK TRANSFERRED TO ASSETS, DEPRECIATION & AMORTIZATION

RTX continued to invest in headsets and handsets in Business Communications and in various modules in Design Services. Accordingly, R&D costs amounted to DKK 34 million in 2017/18 of which DKK 16 million was capitalized.

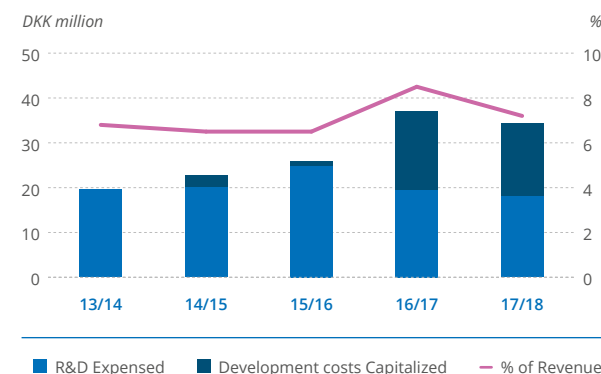
REVENUE BY SEGMENT



GROSS PROFIT



RESEARCH & DEVELOPMENT COSTS



The higher level of R&D costs reflects the strategic decision to develop products in-house to further strengthen our position within unified communications. The Group's amortization and depreciation charges amounted to DKK 8 million (DKK 5 million depreciated, DKK 3 million amortized) in 2017/18.

OPERATING PROFIT (EBIT)

Operating profit (EBIT) increased by 4% - or DKK 3 million - to DKK 75 million from DKK 72 million last year.

FINANCIAL ITEMS, TAX & NET PROFIT

Net financials were an income of DKK 1 million compared to a net expense of DKK 2 million last year. The changes were predominantly driven by the Group's securities portfolio.

Further, with the majority of RTX's customers based outside of Denmark, RTX is exposed to exchange rate fluctuations, especially the US dollar and to a minor extent euro and the Hong Kong dollar against Danish kroner. In line with its treasury policy, RTX does not hedge foreign exchange risks and accordingly the financial results are influenced by fluctuations in the above-mentioned foreign exchange rates. The net result for 2017/18 reflects a negative impact on revenue of DKK 17 million compared to 2016/17 from foreign exchange, especially related to the US dollar.

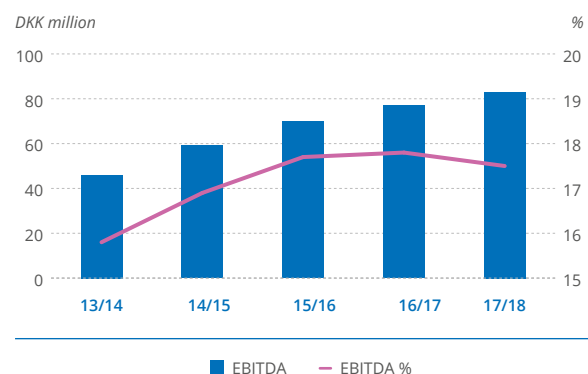
The effective tax rate for 2017/18 was 21%, reflecting a tax recognition of DKK 16 million compared to DKK 12 million last year. The expected liquidity effect of the tax payments amounted to DKK 4 million for 2017/18.

With the above tax payments, net profit amounted to DKK 60 million compared to last year's net profit of DKK 58 million.

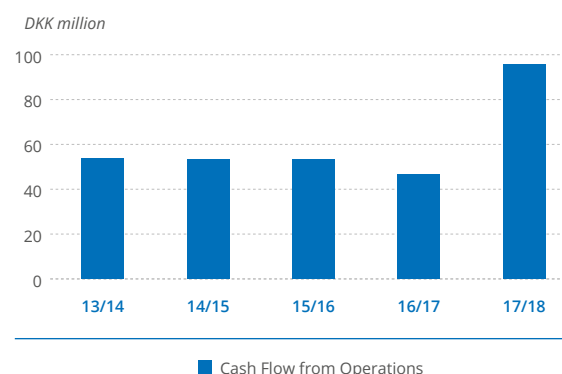
CASH FLOW, FINANCING AND LIQUIDITY FOR CONTINUED OPERATIONS

Cash flows from operations amounted to DKK 96 million compared to last year's DKK 47 million, reflecting a higher operating profit and favorable developments in payables that were to some extent offset by the unfavorable developments in receivables due to the timing of sales in Q4. Combined with the favorable development in cash flows from operations, the cash flow was positively impacted by the reduction in shareholder-focused initiatives as compared to last year.

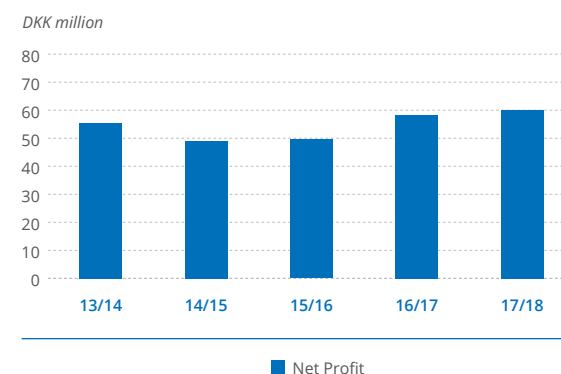
EBITDA & EBITDA-MARGIN



CASH FLOW FROM OPERATIONS



NET PROFIT



Q4 performance

Substantial revenue growth in Q4 driven by Business Communications.

Revenue amounted to DKK 153 million in Q4 of 2017/18, corresponding to an increase of 35% or DKK 40 million compared to last year. The increase was mainly anchored in Business Communications and driven by accelerated demand for our VoIP Handset range from two key customers in Asia and Europe during the fourth quarter. Further, the revenue in Business Communications was supported by the spillover effects from Q3 related to allocation issues on key components in the supply chain.

Business Communications revenue amounted to DKK 113 million in Q4 2017/18 compared to DKK 76 million in Q4 2016/17 for an increase of 48% or DKK 37 million (46% increase when adjusted for exchange rate effects).

Design Services revenue amounted to DKK 41 million in Q4 2017/18, an increase of DKK 3 million or 8% compared to Q4 of last year (7% increase when adjusted for exchange rate effects).

Gross profit amounted to DKK 80 million in Q4 2017/18, an increase of DKK 16 million or 24% due to the effects of revenue growth. Due to the revenue mix, the gross margin fell by 4.5pp to 51.9% in Q4 2017/18 compared to 56.4% in the same period of last year. The eroding gross margin in Q4 was driven by a one-off effect related to the write-down of obsolete components combined with an increase in warranty obligations resulting from the higher level of activity.

Capacity costs amounted to DKK 49 million in Q4 2017/18, increasing by 21% as compared to the same period of last year. The change in capacity costs was driven by growing

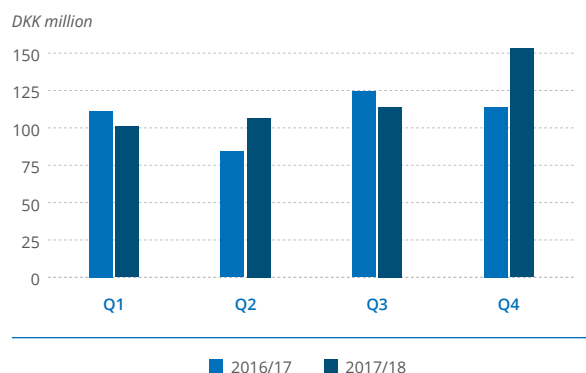
demand for customer-financed projects in Design Services combined with an increasing ramp-up of activities in Business Communications in connection with the announced framework agreements in the handsets and headsets segments. As a result of the increased level of activity in both business units, the number of FTEs grew to 264 at September 30 2018, reflecting an additional 29 FTEs as compared to the same date last year. Further, self-financed development projects resulted in capitalization of DKK 2 million in Q4 of 2017/18, compared to DKK 6 million in the same period of last year.

Operating profit (EBIT) increased by DKK 1 million to DKK 30 million in Q4 2017/18 from DKK 29 million last year.

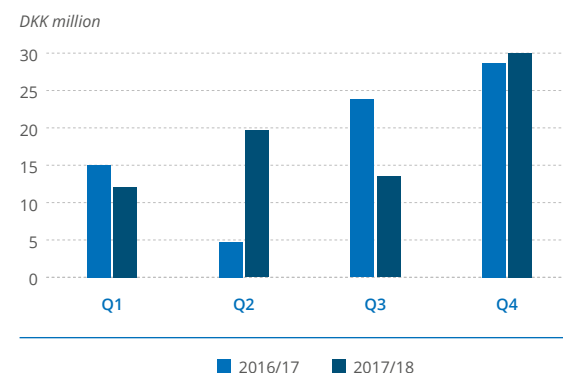
Cash flows from operating activities amounted to DKK 38 million in Q4 of 2017/18 compared to DKK 24 million in Q4 of 2016/17 driven by a positive change in net working capital.

The Group's balance sheet total was DKK 423 million at the end of the fourth quarter, a DKK 70 million increase from DKK 353 million in the same period of last year that was partly driven by our strategic decision to develop in-house products as well as a higher level of activity at the end of the financial year. The Group's total cash funds and current securities less bank debt totaled DKK 182 million at the end of Q4, i.e. an increase of DKK 31 million compared to the same period of last year.

REVENUE BY QUARTER



EBIT BY QUARTER



Financial highlights for the Group

Amounts in DKK millions	2017/18	2016/17	2015/16	2014/15	2013/14
INCOME STATEMENT ITEMS					
Revenue	475.3	433.5	395.6	349.5	288.3
Gross profit	264.8	238.5	229.4	196.2	164.0
EBITDA	83.1	77.2	70.0	59.0	45.6
EBITDA %	17.5%	17.8%	17.7%	16.9%	15.8%
Operating profit/loss (EBIT)	74.9	72.3	65.8	52.3	37.0
Net financials	1.4	-1.9	2.7	0.7	-1.0
Profit/loss before tax	76.3	70.4	68.5	53.0	35.9
Profit/loss for the year	60.0	58.2	49.5	48.9	55.5
BALANCE SHEET ITEMS					
Cash and current asset investments	182.6	151.3	202.5	136.9	108.8
Total assets	422.7	353.0	355.4	343.1	305.2
Equity	312.0	283.0	280.6	265.9	227.6
Liabilities	110.7	70.0	74.9	77.2	77.6
OTHER KEY FIGURES					
Development cost financed by RTX before capitalization	34.3	36.9	25.9	22.7	19.6
Capitalized development costs	16.3	17.4	1.0	2.7	-
Depreciation, amortization and impairment	8.3	4.9	4.2	6.7	8.6
Cash flow from operations ¹	95.7	46.7	53.4	53.2	53.8
Cash flow from investments	-29.2	-37.0	24.4	-46.5	-4.7
Investment in property, plant and equipment	8.4	8.9	5.8	3.1	4.7
Increase/decrease in cash and cash equivalents	30.3	-61.4	27.9	-11.0	38.1

Amounts in DKK millions	2017/18	2016/17	2015/16	2014/15	2013/14
KEY RATIOS					
Growth in net turnover (percentage)	9.7	9.6	13.2	21.2	19.4
Profit margin (percentage)	15.7	16.7	16.6	15.0	12.8
Return on invested capital ² (percentage) continuing operations	69.5	92.1	81.5	53.4	41.9
Return on equity (percentage) continuing operations	20.2	20.7	18.1	19.8	27.5
Equity ratio	73.8	80.2	78.9	77.5	74.6
EMPLOYMENT					
Average number of full-time employees	246	227	193	171	155
Revenue per employee (DKK '000)	1,932	1,910	2,050	2,044	1,860
Operating profit per employee (DKK '000)	304	318	341	306	239
SHARES (NUMBER OF SHARES IN THOUSANDS)					
Average number of shares in circulation	8,556	8,735	8,809	8,621	8,587
Average number of diluted shares	8,691	8,916	9,014	9,084	9,159
PER SHARE DATA, DKK PER SHARE AT DKK 5					
Profit/loss for the year (EPS), per share	7.0	6.7	5.6	5.7	6.5
Profit/loss for the year, diluted (DEPS), per share	6.9	6.5	5.5	5.4	6.1
Dividends, per share	2.0	2.0	2.0	2.0	1.0
Equity value, per share	36.4	32.9	31.6	30.7	26.6
Listed price, per share	179.6	180.0	113.0	87.0	49.4

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

The accounting principles describe the calculations of the financial highlights.

¹⁾ 2013/14 and 2014/15 exchange rate adjustments was presented as cash flow from operations. From 2015/16 and onwards, exchange rate adjustments is presented as a separate line item under cash and cash equivalents.

²⁾ Key ratios regarding previous periods were restated.

Outlook 2018/19

Based on the current business environment, a robust product pipeline and solid customer relationships combined with a continued stable inflow of new customers, RTX expects double-digit revenue growth in 2018/19. The growth outlook reflects expectations of a robust uptake and performance, especially from the newly developed handset and headset ranges in Business Communications and further acceleration of customer-financed projects within the ProAudio segment in Design Services.

Combined with the continuing investment in a broader product portfolio and technology platform, Management expects revenue of DKK 520-550 million, EBITDA of DKK 85-100 million and operating profit (EBIT) of DKK 65-80 million, as especially EBIT will reflect an increased investment level supporting the defined strategic directions of RTX. The above outlook is based on the assumption that especially the market-sensitive macroeconomic elements across the globe will remain stable at the current level and conditions, meaning that RTX's current business environment will remain intact, including specifically the USD/DKK exchange rate.

RANGE OVERVIEW – 2018/19

DKK million

	LOW	HIGH
REVENUE	520	550
EBITDA	85	100
EBIT	65	80

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

Key currencies

	DKK MILLION
USD	12.5
EUR	2.7
HKD	-2.3

FINANCIAL CALENDAR 2018/19

Q1 2018/19 & AGM

January 24 2019

Q2 2018/19

April 30 2019

Q3 2018/19

August 27 2019

Annual Report 2018/19 incl. Q4

November 26 2019

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, operating profits and potential business expansion. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of RTX, may cause actual developments and results to differ materially from the expectations expressed directly or indirectly in this Annual Report. Factors that may 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.



Our business

The RTX Story



FOUNDATION

RTX Research ApS was founded in 1993 by a group of engineers, all former colleagues at Dancall Radio A/S. DECT was a new technology at the time, and National Semiconductor, our first business partner, had developed a new chipset for which they needed a reference design. In 1994, RTX developed the first prototype of a DECT phone based on the new chipset. This was a major milestone for RTX since it gave us access to a new, fast-growing market. From that point on, RTX began the evolution towards the company we are today. Having completed our reference design, we attracted the first customers who produced cordless telephones and wanted to enter the DECT market. DECT was a new technology so there was great interest in our reference design and solutions promoted as "one-stop shopping" services, i.e. developing customized products, handling type approvals and assisting during production start-up, often on-site at a customer's production line.

TECHNOLOGIES

In the late nineties, several derivatives of the DECT technology were developed for operation in other frequency bands, such as the 2.4GHz ISM band. Our technology was integrated into a range of cordless telephones for the US market. DECT and derived technologies were also used in several cordless headset products.

When Bluetooth emerged as a new technology, RTX initiated the development of a complete in-house Bluetooth solution. In 1998, we began offering solutions based on our Bluetooth IP.

Among other designs, the Bluetooth IP was integrated into Bluetooth RF test equipment. This was later sold under the Agilent brand name. Our Bluetooth know-how was also used for the design of several tier-one Bluetooth headsets.

We acquired the company Penell ApS and designated it for our Bluetooth design services. The competences were fully integrated and they became the core of the RTX Healthcare business unit. The subsidiary RTX Healthcare was divested in 2008.

Our primary business was within DECT and Bluetooth-related solutions, but during this period we also launched a wide range of projects based on other technologies, such as GSM modules, TD-SCDMA, CDMA and Wi-Fi technology. Manufacturing and supplying finished products became an increasing part of our business.

The flexible DECT/2.4GHz technology expanded into a wide range of special applications. One of them was for gaming and RTX became a Microsoft X-box development partner, delivering designs and dedicated RF production test equipment to Microsoft.

PRODUCTS

Among the large number of projects carried out at RTX, several products were also developed for sale directly to our customers. For instance, we developed a DECT repeater that sold to several OEM customers. This product range is still in production today, more than 20 years after the first shipments. An NMT product for fixed line telephony services was developed, produced and supplied to a telephone operator in Poland.

The Skype phone, the so called DualPhone, was developed and produced by RTX. This cordless phone enabled users to make calls either via a PC running Skype or via the traditional PSTN telephone network. The product was put on the market by RTX and by OEM partners. Later, we developed a version that made Skype calls possible without a PC.

A cordless telephone line extender, TLE, was developed and supplied to satellite TV operators. TLE made it easier for pay-per-view subscribers to install the services via set-top boxes.

We developed a smart electricity-metering product for a Danish utility company. With a built-in GSM module it allows remote reading of electricity consumed at individual households.

Production test equipment is often part of a complete project for manufacturers. Our technology and know-how is used for many generic production test platforms.

In the mid-2000s, RTX developed a complete DECT-based Wireless Local Loop (WLL) system, including customer terminals, base stations, repeaters and mobility servers. The system enabled a telephone operator to roll out telephony services in Romania.

RTX Network Systems was formed and the WLL system and technology were further enhanced with additional Wi-Fi services for deployments in Mexico and Brazil.



The wireless, audio and networking technologies from RTX Network Systems were transferred to Business Communications and developed into the business unit's enterprise and VoIP solution and products.

ORGANIZATION AND PERFORMANCE

RTX experienced strong growth in the 1990s. We quickly outgrew our rented office space and in 1999 we built our current head office in Nørresundby.

In order to continue the company's development, RTX was listed on the Nasdaq stock exchange in June 2000. By that time, our revenue had reached DKK 100 million, and development accelerated in the early 2000s. We obtained many valuable and interesting opportunities to grow our business. Our organization expanded rapidly as we successfully attracted large and well-established companies to our customer portfolio.

RTX was certified to ISO9001 in 2002, and in 2017, we achieved a global Group certificate.

Today, RTX has 264 full-time employees at three different locations; Denmark, Hong Kong and the USA.

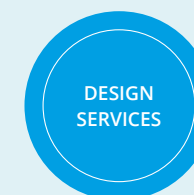
SINCE 2010, WE HAVE HAD TWO BUSINESS UNITS



BUSINESS COMMUNICATIONS PROVIDES PRODUCT AND SOLUTIONS ON AN OEM/ODM BASIS.

PRODUCT HISTORY:

- Cordless telephone, SOHO systems
- Wireless enterprise systems
- Cordless VoIP systems
- Cordless base station, ODM
- Enterprise handsets, ODM
- Android DECT handsets for enterprise
- Wireless hearing aid
- Wireless tour guide system
- Wireless solutions for verticals
- Corded and cordless headset enterprise



DESIGN SERVICES MAINLY PROVIDES WIRELESS ENGINEERING SERVICES AND TECHNOLOGY DEVELOPMENT.

TECHNOLOGY MILESTONES:

- Development of DECT Ultra Low Energy reference design and modules for IoT and home automation.
- Wireless digital microphone design
- Wireless digital intercom systems
- Sub-GHz wireless microphone
- Wireless gaming platform
- Wireless audio reference designs for the professional market.
- Enhanced DECT radio
- Advanced radio design
- High performance 5GHz wireless technology "Lunar"
- Digital audio processing
- Enhanced live audio experience

WHY THE NAME "RTX"?

Not everyone knows why our company is called RTX. It has its origin in the abbreviations for receive (RX) and transmit (TX). Instead of naming the company RXTX, it became RTX, which explains why the logo is with a double X.

Strategy and business model

Taking a customer-centric approach, understanding market trends and acting as a professional partner is an integral part 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 – either through projects or in ODM or OEM solutions.

Based on our highly specialized knowledge and unique software and hardware capabilities, we manage projects from the concept stage to finished product, through specification, design, development, test and verification in close collaboration with customers. Combined with an innovative

mindset we have proven that we are able to provide highly specialized and customized solutions and have thereby gained a unique position in a market where demands and technology constantly change.



SPECIFICATION AND DESIGN

At RTX, we start by converting customer requirements and user needs into a Product Requirement Specification. Our engineering teams then design a solution that is based on the right combination of mechanics, hardware and software. Combined with our list of patented solutions and in-house developed protocols, we promise our customer a compelling result.



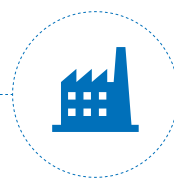
DEVELOPMENT AND INTEGRATION

Following agile development practices, we develop prototypes to evaluate system performance in-house. We 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 pretest services reduce time to market and lower approval and certification costs. 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.

HOW WE ADD VALUE

BY GAINING AN IN DEPTH UNDERSTANDING OF THE CUSTOMER APPLICATION



We take the time necessary to thoroughly investigate and truly apprehend what the product is intended to do. Often not only initially but also in a second or third generation, so the design is prepared for a long lifetime in the best possible way.

BY FINDING THE BEST FIT WITHIN THE GIVEN SCOPE/TIME/COST RESTRAINTS



Deciding among features, cost and time to market is often a difficult trade-off. We have not only a vast amount of experience with which to help our customers find the best fit, but also an agile approach that adds a lot of flexibility.

BY ENSURING COMPLETE ALIGNMENT BETWEEN ALL PARTIES IN TERMS OF COST AND DEADLINES



Our program managers create a detailed Statement of Work (SoW) based upon a Product Requirement Specification and the outlined commercial terms. The SoW ensures a well-documented and thereby well-aligned approach throughout the project.

BY USING OUR PROFOUND SYSTEM OVERVIEW CAPABILITY



Our system architects always take a step back to look at the overall requirements before devising an overall solution architecture instead of just using brute force to solve a problem.

Strategic priorities

RTX operates in several different markets and applies different business models. Common to all of them is that they are based on a shared RTX backbone of unique wireless competences.

Through its more than 25-year track-record within wireless solutions, RTX has built extensive experience and knowledge of design, development, and production of advanced wireless systems and products. Our expertise covers the full range of wireless solutions, from robust and reliable connectivity to Wi-Fi, DECT, BLE, and other ISM bands for systems that enable and/or monitor communication and data streams.

In recent years, RTX has further strengthened its competences in low energy versions of the wireless technologies Bluetooth and DECT as well as in safety and security. Additionally, RTX has stepped up investments in own development projects in selected areas. Our R&D efforts are driven by technology opportunities, market trends, and customer needs; our purpose is to remain the preferred supplier of efficient and innovative wireless solutions and products.

RTX continues to execute on the growth strategy outlined in 2016/17 which focuses on four key strategic priorities.

EXPAND LEADERSHIP IN ENTERPRISE

In Enterprise Communications, we supply wireless product solutions to large enterprises and SMEs in the Telco market. RTX already has a strong position and by retaining our focus on developing new product platforms, we are confident that we will be able to continue to win market share and further consolidate our market-leading position as a supplier of enterprise handsets.

ESTABLISH A PRESENCE IN HEADSETS

Business Headsets is an adjacency expansion, leveraging on our strong position within the Enterprise segment. By adding headsets to the existing RTX portfolio, we are enabling deep integration into our partners' Enterprise Communication solutions. Additionally, we expect to attract new customers with RTX's highly efficient ODM model. All in all, we believe that the business headset segment will become a growth engine for RTX in the coming years.

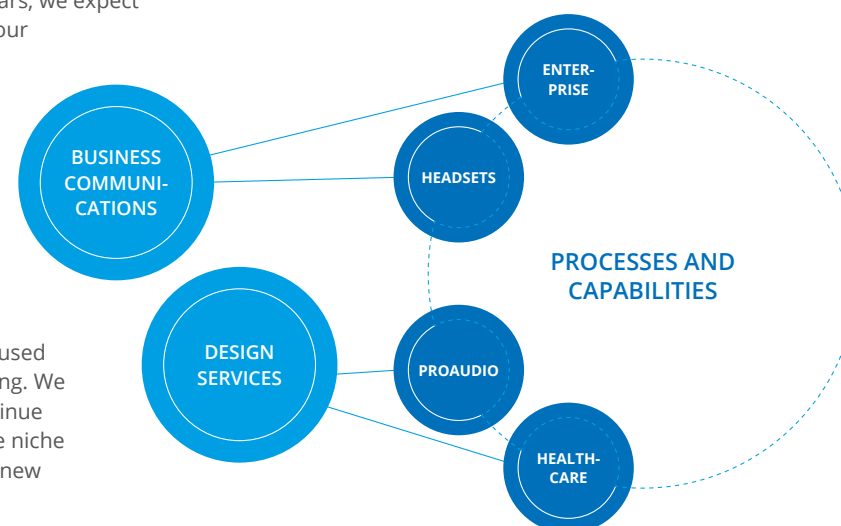
SECURE UNIQUE POSITION IN PROAUDIO

We have developed wireless solutions for the Professional Audio segment for many years. Our key focus is on solutions for microphones & stage equipment, intercom systems and gaming. Over the coming years, we expect to develop our position further, both via our traditional design service offerings of full custom solutions and via more modularized platforms, which enable shorter time-to-market and lower entry barriers for our partners.

STRENGTHEN POSITION WITHIN HEALTHCARE

In Healthcare, we are involved in the development, design and supply of different wireless modules and products used primarily for continuous patient monitoring. We expect to rely on this cornerstone to continue to deliver steady growth in our healthcare niche business; working with both existing and new partners.

We believe that we have a strong foundation to build from. Clearly, processes can always be enhanced and refined, and in 2017/18, we gave particular priority to optimizing production planning and introduced Sales and Operational Planning (S&OP), among other processes. Backed by our 25-year heritage, we believe that we have the necessary competences and capabilities to successfully execute on our four key strategic priorities. In turn, we believe that this focused approach will ensure that we optimize our resources and maximize value and thus deliver long-term sustainable and positive value for our stakeholders.



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 / white label basis.

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 high levels of interference and signal degradation.

Headsets

The RTX headset range for call centers & offices consists of several different models from high-end to low-end, supporting customer demand for high quality and deep integration.

Healthcare

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

BUSINESS COMMUNICATIONS

Enterprise

In the Enterprise segment, RTX designs, develops, and supplies wireless IP telephony 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.

Ever since the first groundbreaking digital wireless systems, RTX has supplied many unique products that give our partners the flexibility to supply the optimal feature mix to each of their individual customer segments. Also, by continually providing over-the-air software updates, we enable our partners to maximize product lifetime.

Our competitive product portfolio includes wireless handsets, base stations – both multi-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.

The enterprise communications endpoint market is approximately USD 7 billion, of which handsets constitute USD 0.5 billion (corresponding to approximately two million DECT, IP DECT and Wi-Fi handsets annually). The overall IP telephony market is showing moderate growth; pushed by the transition from analogue-based telephony to IP-based solutions and pressured by mobile phones and smartphones. Despite the proliferation of smartphones in the enterprise space, the features provided by DECT and Wi-Fi handsets are still in high demand – e.g. reliability, indoor coverage, compliance, security, and ruggedness. We expect the handset market to continue its modest growth, so we need to continue to win market share in order to meet our double-digit growth ambition. Furthermore, we expect continued consolidation in the Enterprise segment; consolidation that RTX continues to both drive and benefit from, and which has made us the biggest manufacturer of

enterprise DECT handsets in the market. This consolidation has enabled RTX to continuously grow its business by taking market share and provide a CAGR of about 15% for the Enterprise segment over the past 5 years.

We develop and sell our products for the Enterprise segment on an ODM basis, primarily to a number of global suppliers of PBX products (telephony switchboards and systems) or as OEM / white label products to regional distributors. RTX has operated in the Enterprise segment for several years, successfully building valuable long-term customer relationships based on respectful and successful collaboration; a solid foundation for future growth.

In 2017/18, we focused on executing on already signed framework agreements within VoIP handsets and base stations, which is expected to have a positive effect in the coming financial years. Additionally, our self-financed investments in a handset program has resulted in a contract with a major new international customer.

The Enterprise segment has been the backbone of RTX for many years, and going forward, we aim to further strengthen our position within the Enterprise segment. With a continued focus on developing new product platforms, in close collaboration with existing and new customers, we believe that we will be able to continue to win market share and further consolidate our market-leading position as supplier of enterprise handsets to the onsite voice mobility solution market.



DESIGN SERVICES

ProAudio

The ProAudio segment covers three business areas: Microphones & Stage equipment, Intercom Systems and Gaming solutions.

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.

The professional microphone market is worth USD ~1 billion, of which wireless microphones constitute about one third. Growth expectations are 6-8% CAGR, driven partly by a continual shift towards wireless and partly by regulatory spectrum changes.

In 2017/18, RTX focused on developing a modularized platform – Sheerlink™ – utilizing RTX's super low latency codec Sheersound™. This approach enables shorter time to market and lower entry barriers for our partners, and the platform complements our full custom solutions.

In the intercom market, RTX works with the leading system providers globally; providing electronic hardware components, software, and general design service support.

Intercom market growth is in the lower single digits, so future, as well as past, success is dependent on our continued ability to enhance our value-adding offerings to expand our share of the value chain as well as to gain new customers.

In 2017/18, RTX utilized its strong position within Intercom solutions to expand into the market of Critical Communication; first responders, aviation, military etc. Going forward,

we expect to continue our efforts in our traditional Intercom markets – Matrix (e.g. for live sporting or TV events), in Access/Entry (e.g. security systems like door phones) and in Critical Communication.

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 battery time etc.) The platform introduced by RTX in 2016/17 circumvents the existing wireless performance issues by using state-of-the-art technology from our semiconductor partners, combined with RTX proprietary software and hardware solutions.

The global gaming market is a vast triple-digit billion USD business, driven in part by increased internet penetration and in part by an increased number of worldwide gamers. Gaming headsets alone is an almost USD 2 billion market with expected CAGR growth of ~7% (of 15% for the wireless segment); driven partly by the transition from wired to wireless solutions and partly by the overall growth in gaming and esports.

In 2017/18, RTX focused on enhanced functionality and the launch of the above-mentioned gaming platform to our B2B partners. Ensuring super low latency and robust communication, the platform connects with headsets, controllers, keyboards, and mice and will be used by our partners in products scheduled for launch within the next few months.



PROAUDIO

RTX holds a unique position as a specialized design house in the ProAudio segment. Historically this has been driven by the transition from analog to digital and associated regulatory specifications regarding frequency bands. The ongoing worldwide regulatory spectrum changes require older analog wireless solutions to be replaced by more spectrum-efficient digital ones that increases capacity in the available frequency bands. Over the years, RTX has continued to build on its strong competences within radio technology and digital signal processing to provide ultra-reliable low latency wireless connectivity.

BUSINESS COMMUNICATIONS

Headsets

Given its already strong position as an equipment supplier to the Enterprise segment, RTX took a strategic decision to leverage this position and expand the offering with a complete headset range.

The plan and concepts were shared with markets and customers in 2016/17, and given the positive reception, RTX started manufacturing and distributing the first products already in 2017/18 financial year.

The current portfolio constitutes a complete product range with both wireless and wired headsets for professional office use. The range covers all use cases from entry-level to high-end; enabling our partners to satisfy any end-user need.

The total professional call center and office (CC&O) headset market constitutes a 1 USD billion-plus opportunity and is expected to grow in the years to come. While there are strong incumbents in the market, there is also significant market activity – shifts in focus, shifts in strategy etc. – among both existing and new players. This increasing competition is expected to change the landscape and constitutes an ODM opportunity for RTX.

By adding headsets to the existing RTX portfolio, we are enabling deep integration into our partners' Enterprise communication solutions – a fact appreciated by both

our partners and their end-users. Additionally, we have successfully attracted new customers using RTX's highly efficient ODM model; leveraging on our history of strong cooperation with electronic manufacturers in China, and many years of experience with wireless business communication and insights into wireless audio transmission.

The RTX headset business made headway on multiple fronts in 2017/18; most importantly, the first business headset orders were shipped. Key focus was on already signed framework agreements for business headsets, which are expected to have a positive effect in the coming financial years. Additionally, the company retained its continued focus on product development, and the organization supporting the headset business has been strengthened.

The adjacency expansion into business headsets is expected to both deepen share-of-wallet with existing customers and attract new customers. Based on the strong interest to date, we believe that the business headset segment will become a growth engine for RTX in the coming years, and our aim is to build a significant business in the headset segment.



HEADSET





HEALTHCARE

DESIGN SERVICES

Healthcare

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

Healthcare, and in particular critical care, has special wireless requirements: Medical frequency bands cause restrictions; there is a need for ultra-reliable transmission when human health or lives are at stake; there may be a need 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) – such as spurious-free frequency conversion – to deliver reliable solutions that fit the unique needs and restrictions applying in healthcare.

RTX typically provides design and development support to our healthcare partners. However, with our global partner in continuous patient monitoring systems, RTX provides actual sub-components of the wireless solution, hence holding a larger part of the value chain.

The global healthcare market is a vast web of intertwined sub-sectors constituting a multi-trillion USD market which is expected to continue to grow in the years to come. Growth is driven by multiple factors, including ageing and growing populations, emerging market expansion, increase in chronic diseases as well as advances in treatments. Simultaneously, pressure to reduce costs and prove value remains intense; e.g. efficient use of resources, shift in focus from procedures towards outcomes (value-based healthcare), medical IoT, and virtual healthcare. It is a com-

mon feature across many of the sub-sectors that professional healthcare is a relatively recession-proof market but also a very conservative business, with product lives lasting for a decade or longer. While this is an assurance of stable revenue flows, it also makes introducing new products a lengthy process.

RTX works with partners from multiple healthcare sub-sectors. Given the already mentioned long development processes and lifecycles in healthcare, individual project engagements are often multi-year ventures. Reliability, not only in technology, but also in project delivery (i.e. on budget, on solution, and on delivery) has in fact been highlighted by partners as a differentiating factor when working with RTX.

In 2017/18, RTX was primarily focused on executing as planned on our contracts with a large international supplier of continuous patient monitoring systems. The new contract, from mid-2017, has broadened RTX's delivery from sub-components to complete box-built wireless solutions, thus further broadening our share of the value chain.

We expect to rely on this cornerstone to continue delivering steady growth in our healthcare niche business; working with both existing and new partners.

Innovation

Innovation at RTX takes place in several dimensions across our business units. Our innovation activities are a core part of our strategy and we systematically search for, recognize, select and incubate ideas to turn them into business opportunities for our customers and ourselves.



BUSINESS INNOVATION

To further exploit our proprietary technologies, we will be developing the Sheerlink™ concept in-house, combining our state-of-the-art low-latency wireless technology with our Sheersound™ audio algorithms onto the RTX1090 wireless module. The RTX1090 module is a novel approach for manufacturers of wireless audio equipment and music instruments to integrate wireless technology into their new and existing products in an easy and predictable way.

The Sheerlink™ technology overcomes many of the shortcomings of existing wireless technology (such as Bluetooth) traditionally used for audio, gives superior performance and accelerates time-to-market for new and existing audio brands.



TECHNOLOGY INNOVATION

In parallel with our business activities, we also work systematically on new technologies, such as antenna designs, algorithms, wireless protocols and machine learning. We often conduct this work together with partners or universities, putting our research into real-life, practical implementations. Currently, we have five ongoing university programs across our main technology investment areas; audio algorithms, wireless protocols and indoor positioning. Projects are selected based on their novelty, business potential and RTX's ability to protect our investment.

3 FACTS ABOUT HOW WE INNOVATE

1

WE FOCUS ON RAPID LEARNING, PROTOTYPING AND MVP (MINIMUM VIABLE PRODUCT) THINKING

2

WE FOCUS ON CREATING VALUE FOR OUR CUSTOMERS

3

WE BUILD FROM CORE INITIATIVES TO EXPLORE TRANSFORMATIONAL TECHNOLOGIES

eSPORT

SUPER LOW LATENCY & ROBUST COMMUNICATION FOR GAMING AND eSPORT

Over the past year, RTX has worked with several leading gaming companies to develop a wireless product offering which will soon be incorporated into RTX products. The RTX wireless gaming protocol supports reaction times and reliability so close to its cabled counterpart that it's not possible to tell the difference.

The technology developed by RTX is built on more than one thousand man years of accumulated wireless hardware and software experience that have also led to the RTX Sheersound™ and RTX Sheerlink™ offerings. The combined intellectual property in these offerings provide the unprecedented low latency and robustness against interferers like Wi-Fi, Bluetooth and microwave ovens often used near gaming products.



Corporate Management

Risk Management

Operating in a constantly changing and highly volatile business environment, the RTX Board of Directors and Executive Management Team believe it is crucial to monitor, manage and mitigate risks through a balanced risk framework safeguarding growth and protecting our people, assets and reputation.

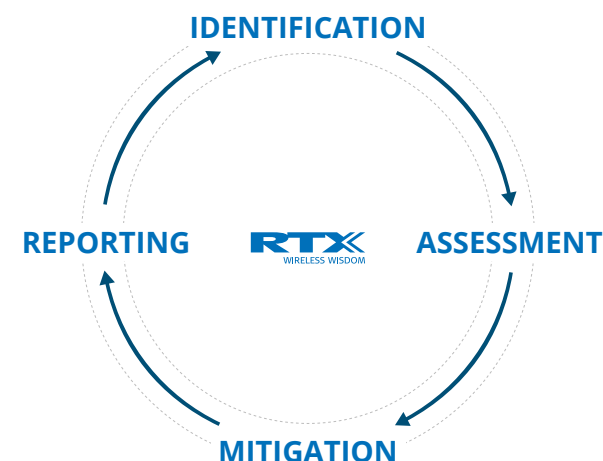
RTX's business involves a number of technological, commercial and financial risks, which potentially could have a negative impact on the company's ability to perform according to plans. However, we believe that through our integrated risk management framework, RTX stands well prepared to navigate in a constantly changing risk environment.

Based on the defined risk profile, we are prepared to implement appropriate actions when deemed relevant. At RTX, we believe that through detailed understanding and mapping of potential risks, we can enhance our ability to make better decisions, deliver on our objectives and subsequently improve performance by being prepared to deal with essential risks. At RTX, we define risks as "An occurrence caused by external or internal events which hinders us in meeting our objectives".

The Executive Management is responsible for reviewing the overall risk exposure of RTX on an ongoing basis. Once a risk has been identified, assessed and mitigating actions defined, Executive Management evaluates the risk profile to ensure that appropriate plans are in place. The risk profile is evaluated on an ongoing basis and significant risks are escalated and reported to the Board of Directors on a quarterly basis or when deemed relevant.

THE RISK MANAGEMENT PROCESS

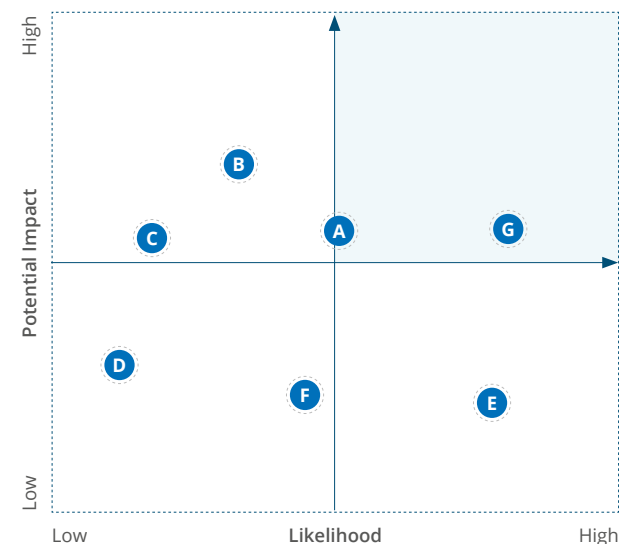
The risk management process at RTX comprises of the following interlinked processes, risk identification, risk assessment and risk mitigation which is determined and reviewed by the Executive Management.



THE RISK MAP

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

- A** Financial & Political Risk
- B** Supply Chain Disruptions
- C** Technology Disruptions
- D** Customer Reliance
- E** Cybercrime
- F** IPR
- G** Components Allocation



	A FINANCIAL & POLITICAL RISK	B SUPPLY CHAIN DISRUPTIONS	C TECHNOLOGY DISRUPTIONS	D CUSTOMER RELIANCE
DESCRIPTION	Macro-economic volatility and adverse economic conditions may lead to disrupted sales, and low rates of economic growth are expected to result in a reduced demand for projects from RTX's customers. Adverse and uncertain political conditions such as growing trends towards protectionism could influence RTX's ability to export products from certain countries to e.g. the US.	Most of the Group's production is handled by sub-suppliers, most of which are based in Asia. The Group depends on the ability of these sub-suppliers to produce and supply the planned volume at the agreed time and at the agreed quality.	A significant part of RTX's business is based on its unique knowledge of advanced wireless radio systems. Therefore, technological change may affect future business opportunities for RTX.	The company's top-three customers represent 41% of the 2017/18 revenue. Two of these customers are long-term partners, for whom RTX's products have become an integrated part of their business.
POSSIBLE IMPACT	Economic & political instability may lead to adverse exchange rate fluctuations as well as unfavorable tolls being implemented.	Significant fluctuations on sales and gross margin may arise if one or more sub-suppliers fail to supply at the agreed time and in the desired quality.	A revolution of the wireless communication and competence platform which RTX incorporates into its products and solutions today may lead to lost business opportunities, short-term as well as long-term.	It would have a considerable impact on RTX's organizational setup as well as its financial performance, if key customers - for what ever reason - face financial challenges or the market situation were suddenly to change.
MITIGATION	As a consequence of RTX's significant international activity, RTX's cash flows are influenced by changes in exchange rates, while RTX's trading policy with customers and suppliers is, to the greatest possible extent, to continually match the currencies of its purchase and sales. If deemed appropriate, RTX may enter into hedging transactions for the purpose of reducing the exposure. For supply chain-related matters, RTX has engaged with several internationally-oriented sub-suppliers, which provides an agile setup in case of significant trade barriers.	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 its reliance, 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. RTX cooperates with major contract manufacturers that operate multiple factories, 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.	Through its close customer relations, RTX has a good impression of the customers' future product development plans. The close relations enable RTX to predict and react on an ongoing basis to changes in technologies requested by the customers. Via innovation projects RTX develops the technological competencies that will enable RTX to offer a wider range of technological opportunities. This reduces the company's reliance on single technologies. Further, we believe that we are well represented through our active participation in highly-reputed branch organizations worldwide.	Considerable resources have been invested in the technical integration and replacing RTX would accordingly trigger substantial switching costs for the customers. Further, as announced during 2017/18, RTX has signed two separate framework agreements with two significant international customers in the handset and headset segments, which reduces RTX's reliance on its top-three customers. To mitigate financial consequences from customer specific elements, RTX intends to obtain credit insurance on major customers to the extent deemed necessary and possible.
RISK RATING	Likelihood: High / Impact: High	Likelihood: Low / Impact: High	Likelihood: Low / Impact: High	Likelihood: Low / Impact: Low

	E CYBERCRIME	F IPR	G COMPONENT ALLOCATION
DESCRIPTION	RTX relies to a large and increasing extent on reliable and secure IT systems. If RTX fails to protect its IT infrastructure and key systems against a breakdown, hacking or a virus attack, 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 has applied for patents within selected key areas.	Lead times on standard components have been increasing during the past 12 months due to strong demand for standard shared electronic components.
POSSIBLE IMPACT	Breaches of IT security could have a severe impact on RTX's ability to maintain operations and hence on our financial performance. Further, the risk and theft of e.g. intellectual property rights or personal data may also result in financial losses and/or 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, there can be no assurance that RTX's practice for protecting the company's intellectual property rights is adequate or that competitors will not develop similar technologies.	Given the increasing trend of components being difficult to allocate, this could lead to higher costs, potentially eroding margins if not managed appropriately.
MITIGATION	RTX is working on an ongoing basis to reduce these risks via regular adjustments of technical security control and guidelines and policies for IT security. While RTX believes it maintains an adequate security level, the company continually assesses and tests its IT structure and security levels in close collaboration with external experts.	The company's model for development projects includes a review of the project to clarify if there is a risk that RTX might infringe on or is limited by third party rights. It is also a formal point of our project model that projects are considered for relevant patents. RTX has competences within design, development and manufacturing of wireless solutions and combinations of the wireless technologies. RTX consistently adds to its competences in various wireless technologies in order to avoid dependency on a single technology. RTX is a member of ETSI (European Telecommunications Standards Institute) and other technology forums. Those memberships ensure that RTX stays up to date on all issues prevailing in the industry, e.g. frequency band that may affect RTX's business or infringe on third party rights.	Over the past 12 months, RTX has been highly focused on optimizing production planning and has therefore introduced a Sales & Operational Planning (S&OP) process that has extended the planning horizon to 12 months, securing that components are received on time at the right cost.
RISK RATING	Likelihood: High / Impact: Low	Likelihood: Low / Impact: Low	Likelihood: High / Impact: High

Corporate Governance

RTX's corporate governance framework is intended to ensure an active and accountable management of RTX rooted in applicable legislation, rules and recommendations for listed companies in Denmark and our articles of association.

RTX complies in all material respects with the recommendations on corporate governance, and the Board of Directors decided in the 2017/18 financial year to establish a separate Audit Committee. However, 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 remuneration of the Board of Directors is approved by the shareholders at the annual general meeting. Further, based on their qualifications and profiles, some of the employee representatives serving on the board may become eligible for the share incentive program in line with other key employees of the organization.

LINKING SHAREHOLDERS, BOARD OF DIRECTORS & EXECUTIVE MANAGEMENT

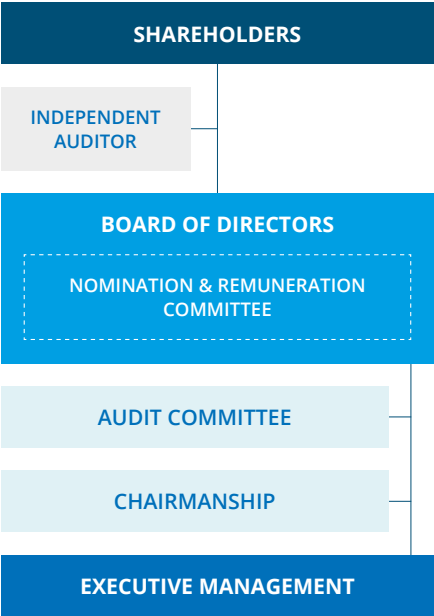
RTX's shareholders possess the authority over the Company and may exercise their rights to make decisions at annual general meetings. As mandatory items at the annual general meetings, shareholders review and approve the financial report for the year, elect the Board members as well as the independent auditor, 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 authority body.

RTX A/S has decided to base its corporate governance efforts on a two-tier system in which the Board of Directors and the Executive Management Team have two distinct roles. The Executive Management Team is responsible for the operational and tactical management of the company, while the Board of Directors controls the Executive Management Team and defines the overall strategy and goals in close collaboration with the Executive Management Team. The Executive Management is appointed by the Board of Directors and meets at least once a month to discuss progress on the outlined strategic direction, optimization of resource allocation, investment plans, financial performance and risks, implementation of key strategic projects, while at the same time monitoring compliance to relevant legislation and defined policies and procedures.

The Board of Directors consists of eight members, of which five are elected at an annual general meeting. Pursuant to the Danish Companies Act, three members are elected by the employees for a term of four years, the next such election to be held in January 2019. The employee representatives serving on the Board hold the same rights as the shareholder-elected members. Shareholder-elected members are elected individually and for terms of one year and may stand for re-election.

To see the full statutory report on Corporate Governance, for the 2017/18 financial year please follow this link www.rtx.dk/CorporateGovernance.

RTX GOVERNANCE MODEL:



DANISH RECOMMENDATIONS ON CORPORATE GOVERNANCE 2017/18

Complies with recommendation	44
Partly complies with recommendation	3
Does not comply with recommendation	0

Board of Directors and Executive Management

BOARD OF DIRECTORS



	PETER THSTRUP Chairman	JESPER MAILIND Deputy Chairman	CHRISTIAN ENGSTED Board member	LARS CHRISTIAN TOFFT Board member	JENS HANSEN Board member
TITLE	Professional board member	CEO, LEO Foundation	Professional board member	Head of Sales and Commercial Management, Ericsson AB	Vice President, Strategic Technology, RTX A/S
EDUCATION	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.	M.Sc. in Electrical Engineering, 1984.
DIRECTORSHIPS	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.	Member of the board of directors of Uturn2innovation ApS.		CEO of JH Venture ApS. Chairman of the board of directors of Futarque A/S.
COMPETENCIES	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.	International management profile with experience from a global enterprise in technology (ICT) industry with general management skills, sales & marketing, product management and finance. In addition, special skills in change management, mobile technology (5G) and IoT.	In-depth knowledge of the RTX business model and technologies combined with vast experience in product development.
COMMITTEES	Member of the Audit Committee	Member of the Audit Committee	Chairman of the Audit Committee		
ELECTED PERIOD	Since 2009	2009-2009 and since 2013	Since 2017	Since 2017	1994-2000 and since 2002
CONSIDERED INDEPENDENT	Yes	Yes	Yes	Yes	No
NATIONALITY	Danish	Danish	Danish	Danish	Danish
YEAR OF BIRTH	1960	1956	1963	1966	1958
NO. OF RTX SHARES HELD	1,275	2,256	750	-	825,625

BOARD MEMBERS ELECTED BY THE EMPLOYEES



RUNE STRØM JENSEN

Board member



KURT HEICK RASMUSSEN

Board member



FLEMMING V. ANDERSEN

Board Member

EXECUTIVE MANAGEMENT



PETER RØPKE

President and CEO



KRISTIAN FREDERIKSEN

CFO

TITLE	Software Team Lead, RTX A/S	Program Manager, RTX A/S	Senior Project Manager, RTX A/S	President and CEO	CFO
EDUCATION	M.Sc. in Engineering, 2004.	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. Electrical, Electronics and Communications Engineering, 1992	M.Sc. International Business 2007
DIRECTORSHIPS				Member of the board of directors of DEIF A/S.	
ELECTED/APPOINTED PERIOD	Since 2011	Since 2015	Since 2015	Since 2016	Since 2017
TERM OF OFFICE EXPIRES	2019	2019	2019		
NATIONALITY	Danish	Danish	Danish	Danish	Danish
YEAR OF BIRTH	1979	1974	1973	1966	1981
NO. OF RTX SHARES HELD	1,500	500	2,000	8,895	-
GRANTED RSU's	1,000	750	-	25,704	8,518
MATCHING SHARES	-	-	-	13,343	-

Shareholder information

CAPITAL POSITION

As of September 30 2018, 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. The shareholders appearing in the "Ownership" chart below hold shares, which either carry at least 5% of the share capital's voting rights or whose nominal value amounts to at least 5% of the share capital.

DEVELOPMENT IN RTX'S SHARE CAPITAL AND TREASURY SHARES

In accordance with company announcement 35/2017 dated July 31 2017, the Board of Directors decided to exercise the authority to buy back shares for up to DKK 30 million. Accordingly, 113,400 shares corresponding to a combined transaction value of DKK 19 million were acquired during

the 2017/18 financial year. The share buy-back programme was executed and structured in compliance with EU Regulation No. 596/2014 of April 16 2014 on market abuse (Market Abuse Regulation), which ensures that the Board of Directors and the Executive Management Team is protected against violating insider regulations in relation to the share buy-back programme.

RTX held 374,849 treasury shares corresponding to 4% of the issued shares at September 28, 2018, reflecting the cancellation of 200,000 treasury shares of DKK 5 as per company announcement 06/2018, dated February 27, 2018.

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

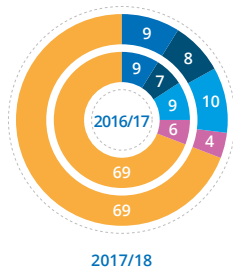
(equivalent to approx. 10% of the Company's share capital at the time of the authorization) during the period until January 24, 2023. The Company's holding of treasury shares after the acquisition must not exceed 10% of the share capital from time to time, while the acquisition price must not deviate by more than 10% from the official share price quoted on Nasdaq Copenhagen at the time of acquisition.

CAPITAL STRUCTURE & DIVIDEND

Based on the strategic outlook, RTX's Board of Directors and Executive Management consider the current capital and share structure serves the strategic direction of the company and provides the needed flexibility to deliver on short-term targets, while supporting 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

OWNERSHIP IN 2017/18 AND 2016/17

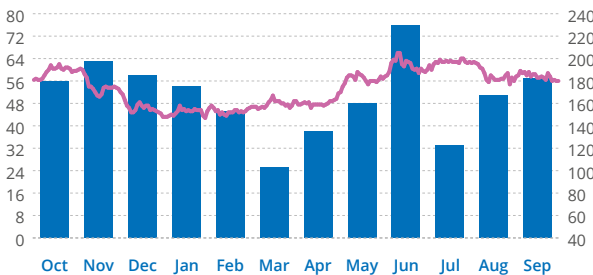
%



■ Jens Hansen ■ Jens Toftgaard Petersen
■ FI stock pick and related FI stock pick II acc ■ RTX A/S ■ Other

PRICE DEVELOPMENT AND MONTHLY TURNOVER OF RTX A/S SHARES FROM OCTOBER 1 2017 TO SEPTEMBER 30 2018

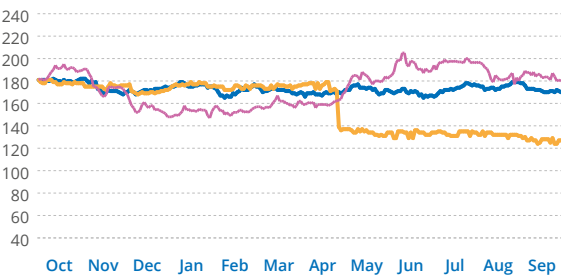
DKK million



■ Turnover of shares (left) — RTX A/S closing prices (right)

RTX SHARE PERFORMANCE FROM OCTOBER 1 2017 TO SEPTEMBER 30 2018

DKK



— RTX A/S — Nasdaq Copenhagen Small Cap (Rebased)
— Nasdaq Copenhagen 25 (Rebased)

potential strategic investment opportunities and thereby further accelerate growth, either through an organic or a non-organic approach.

Based on the positive performance in 2017/18, the Board of Directors will propose a dividend of DKK 2.00 per share to be paid out in January 2019.

SHARE PRICE DEVELOPMENT

The company's shares have been listed on Nasdaq Copenhagen A/S since June 2000 (ISIN DK0010267129). The share price reached a high of DKK 210.0 and a low of DKK 143.2 during the reporting period. The closing price on 28 September 2018 was DKK 179.6 per share compared to a closing price of DKK 180.0 on 29 September 2017. The market value of the company's shares amounted to DKK 1,606 million on 28 September 2018 compared to DKK 1,645 million on 29 September 2017.

SHAREHOLDER COMMUNICATIONS

RTX aims to provide investors with the best possible insight into its business model, strategic priorities and financial performance to ensure a fair and efficient pricing of RTX shares. Accordingly, following the announcement of RTX's quarterly financial results, the Executive Management invites investors with significant shareholdings in RTX to attend the quarterly presentations at the premises of ABG Sundal Colliers in Copenhagen. During the presentations, investors are invited to ask questions directly to the Executive Management Team of RTX A/S.

Further, to ensure full transparency to Danish as well as foreign investors, all company announcements are prepared and published in both Danish and English.

INVESTOR EVENTS 2018/19

Investor Meeting, Q1
January 25 2019

Small & Mid Cap Seminar
April 24 2019

Investor Meeting, Q2
May 3 2019

Investor Meeting, Q3
August 30 2019

Investor Meeting, Annual Report 2018/19 incl. Q4
November 29 2019

INSIDER RULES

Board of Directors, Executive Management and senior executives as well as their related parties are obliged to inform the company about their transactions in the Company's shares for the purpose of subsequent reporting to Nasdaq Copenhagen A/S. In its internal rules, the company has chosen to keep an insider list comprising individuals who, through their relationship with the company, may possess inside knowledge and share price-sensitive information about 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 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

RTX Group takes its social responsibility seriously and the CSR (Corporate Social Responsibility) is an integral part of the way we work and of our culture.



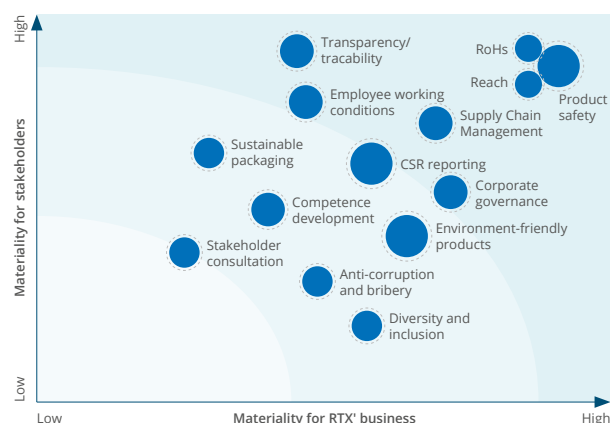
Our business priorities and values are compatible with the 10 principles of the United Nations Global Compact (UNGC) and we have since 2016 reported on our CSR with a Communication of Progress (COP) to this standard and to comply with sections 99a and 99b (the underrepresented gender) of the Danish Financial Statements Act. We have noticed an increased interest in our CSR practices from customers, investors and other stakeholders and expect that CSR is becoming increasingly important for our business. In 2017/18, we have therefore reinforced our CSR practices, set new targets and reported more robustly.

RTX Group is a global growth company serving a customer base consisting of a wide range of major international brands who have the main motivational factor in the development of our CSR practices. Obviously, European, American and Japanese customers have different expectations, but our growing and increasingly diverse customer range has widened our focus from safeguarding human rights to being compliant with product safety legislation such as REACH and RoHS. The latter two are now a basic requirement from virtually all customers and following on from our ISO 9001 certification, RTX has built up a management system to deal with such highly essential CSR-related customer requirements. The management system also makes RTX more agile in relation to continually staying updated on new legislation, new standards, norms, etc. and to quickly responding to changes and meeting customer expectations by applying similar requirements to suppliers and other partners in our value chain. Executing the CSR management system in RTX Business Communications and Design Services, respectively, is expected to become more streamlined and optimized with the establishment of the new Operations division

with our commercial terms. However, experience with the implementation of the RTX Code of Conduct and other aspects of our management system now leads us to focus our approach on materiality in relation to CSR, which is also a key underlying principle of new legislation and standards in this area. 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.

The mapping and increased focus on CSR is an opportunity for RTX to report more focused on our current CSR practices and the goals that we can now better set for ourselves. Our 2017/18 COP report is therefore more focused on clarifying how our CSR practices are aligned with the UN Global Compact Standard and how we comply with section 99a of the Danish Financial Statements Act. This is reflected in the COP report structure, as we first introduce an index in relation to the 10 principles and indicate the degree of due diligence implementation for each underlying CSR issue. Through these initiatives we expect to improve the readability and transparency for our stakeholders on CSR related elements in RTX.

MATERIALITY MATRIX FOR RTX GROUP



Given the development of the span and depth of current CSR issues, we need to adapt our management system to this new situation, which in the long term may also give RTX better opportunities to take a more proactive approach to new expectations and thus achieve a competitive advantage through our CSR approach. At the heart of these efforts has been the establishment of our Code of Conduct for suppliers, all of whom are obliged to sign and comply

FURTHER DETAILS

A full Communication on Progress (COP) and the under-represented gender can be downloaded from the company's website: www.rtx.dk/corporate/csr

Management's Statement

The Board of Directors and the Executive Management have today considered and approved the annual report of RTX A/S for the financial year October 1 2017 – September 30 2018.

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 2018 and of the results of their operations and cash flows for the financial year October 1 2017 – September 30 2018.

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 27, 2018

EXECUTIVE MANAGEMENT

PETER RØPKE
President and CEO

KRISTIAN FREDERIKSEN
CFO

BOARD OF DIRECTORS

PETER THOSTRUP
Chairman of the Board

JESPER MAILIND
Deputy Chairman

CHRISTIAN ENGSTED

LARS CHRISTIAN TOFFT

JENS HANSEN

RUNE STRØM JENSEN
Employee Representative

FLEMMING VENDBJERG ANDERSEN
Employee Representative

KURT HEICK RASMUSSEN
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 01.10.2017 - 30.09.2018, 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 30.09.2018, and of the results of their operations and cash flows for the financial year 01.10.2017 - 30.09.2018 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 25.05.1993 for the financial year 1993/94. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 25 years up to and including the financial year 2017/18.

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 1.10.2017 - 30-09-2018. 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 30.09.2018 consists of several different contracts and the gross value of work in progress and the corresponding revenue recognised amounts to DKK'000 115,450 (30.09.2017: DKK'000 76,834). Net value of contract development projects in progress totals DKK '000 12,036 (30.09.2017: DKK'000 13,929)

Significant judgements is 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 30.09.2018 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 27 2018

DELOITTE

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Thomas Rosquist Andersen
State-Authorised
Public Accountant
Identification number
mne31482

Peter Aslak Storgaard
State-Authorised
Public Accountant
Identification number
mne33767



Financial Statements 2017/18

For the period 1 October 2017 to 30 September 2018

Income Statement

Amounts in DKK '000	Note	GROUP		PARENT	
		2017/18	2016/17	2017/18	2016/17
Revenue	3.4	475,341	433,503	475,329	433,458
Value of work transferred to assets	7	16,305	17,427	16,305	17,427
Cost of sales	5	-210,542	-195,046	-210,246	-192,484
Other external expenses	7.8	-50,993	-47,382	-87,756	-79,602
Staff costs	6.7	-146,988	-131,300	-113,641	-104,222
Operating profit/loss before depreciation and amortization (EBITDA)		83,123	77,202	79,991	74,577
Depreciation, amortization and impairment	12.13	-8,257	-4,921	-8,018	-4,673
Operating profit/loss (EBIT)		74,866	72,281	71,973	69,904
Financial income	9	2,305	1,492	7,628	1,492
Financial expenses	9	-909	-3,393	-1,314	-3,655
Profit/loss before tax		76,262	70,380	78,287	67,741
Tax on profit/loss	10	-16,308	-12,178	-15,664	-11,656
Profit/loss for the year		59,954	58,202	62,623	56,085
Earnings per share					
Earnings per share (DKK)	11	7.0	6.7		
Earnings per share, diluted (DKK)	11	6.9	6.5		
Attributable to:					
Shareholders of the parent		59,954	58,202		
		59,954	58,202		

Statement of Comprehensive Income

Amounts in DKK '000	Note	GROUP		PARENT	
		2017/18	2016/17	2017/18	2016/17
Profit/loss for the year		59,954	58,202	62,623	56,085
Items that can be reclassified subsequently to the income statement					
Exchange rate adjustments of foreign subsidiaries		666	-1,663	-	-
Fair value adjustment of current asset investments		-8	134	-8	134
Reclassified gains on current asset investments		-498	-	-498	-
Other comprehensive income, net of tax		160	-1,529	-506	134
Comprehensive income for the year		60,114	56,673	62,117	56,219
Attributable to:					
Shareholders of the parent		60,114	56,673		
		60,114	56,673		

Balance Sheet September 30 2018

		GROUP		PARENT	
Amounts in DKK '000	Note	2017/18	2016/17	2017/18	2016/17
ASSETS					
Own completed development projects	12	11,069	671	11,069	671
Own development projects in progress	12	22,281	18,412	22,281	18,412
Acquired license rights	12	2,110	-	2,110	-
Goodwill	12	7,797	7,797	-	-
Total intangible assets		43,257	26,880	35,460	19,083
Plant and machinery	13	9,413	7,720	9,413	7,720
Other fixtures, tools and equipment	13	2,888	3,086	2,493	2,590
Leasehold improvements	13	3,190	1,438	3,190	1,415
Total tangible assets		15,491	12,244	15,096	11,725
Investments in subsidiaries	14	-	-	34,810	30,553
Deposits	15	7,748	7,696	7,134	7,125
Deferred tax assets	10	6,548	21,221	5,566	20,831
Other non-current assets		14,296	28,917	47,510	58,509
Non-current assets		73,044	68,041	98,066	89,317
Inventories	16	22,134	24,147	22,134	24,147
Trade receivables	17	123,520	84,006	123,520	84,006
Contract development projects in progress	18	15,165	16,472	15,165	16,472
Income tax	10	-	3,403	-	3,403
Other receivables		3,378	3,100	2,296	2,471
Prepaid expenses		2,906	2,533	2,906	2,533
Receivables	28	144,969	109,514	143,887	108,885
Current asset investments	19	-	18,392	-	18,392
Current asset investments in the trading portfolio	19	120,528	100,865	120,528	100,865
Total current asset investments		120,528	119,257	120,528	119,257
Cash at bank and in hand		62,073	32,045	56,523	27,712
Total current assets		349,704	284,963	343,072	280,001
Total assets		422,748	353,004	441,138	369,318

		GROUP		PARENT	
Amounts in DKK '000	Note	2017/18	2016/17	2017/18	2016/17
EQUITY AND LIABILITIES					
Share capital	20	44,714	45,714	44,714	45,714
Share premium account		252,367	270,723	252,367	270,723
Reserve related to development costs		-	-	26,013	14,885
Retained earnings		14,918	-33,462	-14,899	-53,626
Equity		311,999	282,975	308,195	277,696
Provisions	22	905	258	905	258
Non-current liabilities		905	258	905	258
Prepayments received from customers		1,108	581	1,108	581
Trade payables		69,360	38,607	69,357	38,602
Contract development projects in progress	18	3,129	2,543	3,129	2,543
Payables to subsidiaries	14	-	-	28,562	25,150
Income taxes	10	1,815	1,572	905	1,421
Provisions	22	1,115	1,282	1,115	1,282
Other payables	23	33,317	25,186	27,862	21,785
Current liabilities		109,844	69,771	132,038	91,364
Total liabilities		110,749	70,029	132,943	91,622
Total equity and liabilities		422,748	353,004	441,138	369,318

Equity Statement

GROUP

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
Equity as at October 1 2016	47,164	288,598	-55,199	280,563
Profit/loss for the year	-	-	58,202	58,202
Exchange rate adjustments of foreign subsidiaries	-	-	-1,663	-1,663
Fair value adjustment of current asset investments	-	-	134	134
Other comprehensive income, net of tax	-	-	-1,529	-1,529
Comprehensive income for the year	-	-	56,673	56,673
Share-based remuneration	-	-	3,891	3,891
Deferred tax reg. related to share-based remuneration	-	-	3,422	3,422
Deferred tax reg. related to share-based remuneration, last year	-	-	5,974	5,974
Current tax reg. related to share-based remuneration, last year	-	-	3,440	3,440
Annulment of treasury shares	-1,450	-17,875	19,313	-12
Paid dividend for 2015/16	-	-	-17,557	-17,557
Acquisition of treasury shares	-	-	-53,419	-53,419
Other transactions	-1,450	-17,875	-34,936	-54,261
Equity as at September 30 2017	45,714	270,723	-33,462	282,975
Profit/loss for the year	-	-	59,954	59,954
Exchange rate adjustments of foreign subsidiaries	-	-	666	666
Fair value adjustment of current asset investments	-	-	-8	-8
Reclassified gains on current asset investments	-	-	-498	-498
Other comprehensive income, net of tax	-	-	160	160
Comprehensive income for the year	-	-	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
Other transactions	-1,000	-18,356	-11,734	-31,090
Equity as at September 30 2018	44,714	252,367	14,918	311,999

PARENT

Amounts in DKK '000	Share capital	Share premium	Reserve related to development costs	Retained earnings	Total
Equity as at October 1 2016	47,164	288,598	1,991	-62,015	275,738
Profit/loss for the year	-	-	-	56,085	56,085
Fair value adjustment of current asset investments	-	-	-	134	134
Other comprehensive income, net of tax	-	-	-	134	134
Comprehensive income for the year	-	-	-	56,219	56,219
Share-based remuneration	-	-	-	3,891	3,891
Deferred tax reg. related to share-based remuneration	-	-	-	3,422	3,422
Deferred tax reg. related to share-based remuneration, last year	-	-	-	5,974	5,974
Current tax reg. related to share-based remuneration, last year	-	-	-	3,440	3,440
Annulment of treasury shares	-1,450	-17,875	-	19,313	-12
Paid dividend for 2015/16	-	-	-	-17,557	-17,557
Acquisition of treasury shares	-	-	-	-53,419	-53,419
Development costs	-	-	12,894	-12,894	-
Other transactions	-1,450	-17,875	12,894	-47,830	-54,261
Equity as at September 30 2017	45,714	270,723	14,885	-53,626	277,696
Profit/loss for the year	-	-	-	62,623	62,623
Fair value adjustment of current asset investments	-	-	-	-8	-8
Reclassified gains on current asset investments	-	-	-	-498	-498
Other comprehensive income, net of tax	-	-	-	-506	-506
Comprehensive income for the year	-	-	-	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	-
Other transactions	-1,000	-18,356	11,128	-23,390	-31,618
Equity as at September 30 2018	44,714	252,367	26,013	-14,899	308,195

Cash Flow Statement

Amounts in DKK '000	Note	GROUP		PARENT	
		2017/18	2016/17	2017/18	2016/17
Operating profit/loss (EBIT)		74,866	72,281	71,973	69,904
Reversal of items with no effects on cash flow					
Depreciation, amortization and impairment		8,257	4,921	8,018	4,673
Other items with no effects on cash flow	25	6,305	-731	1,267	955
Change in working capital					
Change in inventories		343	-5,873	343	-5,873
Change in receivables		-38,308	-19,723	-37,855	-19,691
Change in trade payables, etc.		39,997	155	41,357	1,158
Cash flow from operation activities		91,460	51,030	85,103	51,126
Financial income received	9	3,227	761	3,350	761
Financial expenses paid	9	-774	-434	-1,179	-803
Income taxes paid	10	1,746	-4,700	1,695	-3,973
Cash flow from operations		95,659	46,657	88,969	47,111
Investments in own development projects		-16,305	-17,427	-16,305	-17,427
Acquisition of intangible assets		-3,165	-	-3,165	-
Acquisition of property, plant and equipment		-8,406	-8,868	-8,295	-8,809
Deposits on leaseholds		-52	-11	-9	-
Acquisition and sale of current securities		-1,271	-10,733	-1,271	-10,733
Dividends from subsidiaries		-	-	5,324	-
Cash flow from investments		-29,199	-37,039	-23,721	-36,969

Amounts in DKK '000	Note	GROUP		PARENT	
		2017/18	2016/17	2017/18	2016/17
Acquisition of treasury shares		-19,201	-53,419	-19,201	-53,419
Paid dividend		-16,959	-17,557	-16,959	-17,557
Cash flow from financing activities		-36,160	-70,976	-36,160	-70,976
Increase/decrease in cash and cash equivalents		30,300	-61,358	29,088	-60,834
Exchange rate corrections on cash		-272	-1,406	-277	-1,442
Cash and cash equivalents at 1 October, net		32,045	94,809	27,712	89,988
Cash and cash equivalents at 30 September, net		62,073	32,045	56,523	27,712
Cash and cash equivalents at 30 September, net are composed as follows:					
Cash at bank and in hand		62,073	32,045	56,523	27,712
Bank debt		-	-	-	-
Cash and cash equivalents at September 30, net		62,073	32,045	56,523	27,712

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 2017/18, 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. The accounting policies have been consistently applied 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 2017/18.

None of these new or amended accounting standards and interpretations hereof have had significant impact on recognition, measurement or disclosure in the consolidated financial statements in 2017/18.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

IASB has issued several new accounting standards and interpretations valid for fiscal years commencing January 2018 and January 2019, including:

IFRS 9 – Financial Instruments, effective January 2018 – for the Group the fiscal year 2018/19.

IFRS 15 – Revenue from Contracts with Customers, effective January 2018 – for the Group the fiscal year 2018/19.

IFRS 16 – Leases, effective January 2019 – for the Group the fiscal year 2019/20.

IFRS 9 – FINANCIAL INSTRUMENTS

With IFRS 9 a new model for classifications and measurement of financial assets, liabilities and hedge accounting has been introduced. The new impairment model for financial assets requires recognition of impairment losses based on expected credit losses rather than incurred losses, which is the case on the current practice. The expected credit losses include a three-step approach under which financial assets move through the stages as their credit rating changes. Further, the new hedge-accounting rules imply that it will be easier to apply hedge-accounting. However, based on the Group's hedging engagements (none),

Management does not expect the new standard and its interpretations to have significant impact on RTX's annual report.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

RTX will implement IFRS 15 in the financial statements for the financial year 2018/19. Under IFRS 15 regulation, 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 IAS11/IAS18 regulation, where timing of revenue recognition is primarily dependent on the transfer of risks and rewards to the customer of the goods and services.

For Non-Recurring-Engineering (NRE) contracts revenue recognition will continue to be accounted for over time, as the contract obligations towards the customers are fulfilled over the course of the contract.

Revenue from sale of products will continue to be recognized at a point in time. Transfer of control to the customer will trigger the revenue recognition for products.

License revenue will be recognized when the customer obtains control of the license. However, if the license is part of a NRE contract, the license revenue will be recognized over time.

On implementing IFRS 15 RTX will use the modified retrospective method and only apply IFRS 15 to contracts not completed at the transition date. The net effect of transition to IFRS 15 will be adjusted to the opening balance of retained earnings as of 1. October 2018.

The impact of the implementation of IFRS 15 have been assessed and it has been concluded that the change of standard and its interpretation will only have a marginal impact on RTX's annual report 2018/19.

IFRS 16 – LEASES

The standard changes the accounting principles for leasing contracts, which are currently classified as operational leasing contracts. The standard require 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 lessees 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. RTX has not completed analyzing the impact of the new standard, but it is expected to have some effect, as RTX in 2018 has operating leasing contracts with minimum leasing obligations at a value of approx. DKK 40 million corresponding to approx. 10% of the balance sheet total, which will potentially be included in the balance sheet in the future.

Notes

2 UNCERTAINTIES AND ESTIMATES

The Group's accounting policy described in note 30 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 currently evaluated. 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.

RECOVERABLE AMOUNT FOR GOODWILL

Determining if impairment on goodwill exists require an assessment of the value in use for the cash flow generating units to which the goodwill is allocated. An assessment of the value in use require an estimation of future cash flows in each cash flow generating unit as well as an estimation of a fair discount rate. The accounting value of goodwill as at September 30 2018 is DKK 7.8 million (DKK 7.8 million as per September 30 2017). For a further description of the use of discount rate please refer to note 12.

DEFERRED TAX ASSETS

RTX recognises deferred tax assets if it is probable that sufficient taxable income exists in future to use the temporary differences between the tax values and the carrying amounts of assets and liabilities and unused tax loss carry-forwards. Management has made a three-year estimate over the future taxable income in the Group. This estimate is included in the assessment as to whether the deferred tax assets may be recognised at the balance sheet date. Management has considered it as correct to include a tax asset equivalent to DKK 6.5 million as per September 30 2018 (DKK 21.2 million as per September 30 2017). There are no tax assets, that are not included in the balance sheet.

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 in potential markets, and 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 and the Management have assessed that the lifetime of a typical RTX product is usually three years, hence amortization period. In the balance sheet the development projects amount to DKK 33.3 million as at September 30 2018 (DKK 19.1 million as at September 30 2017).

ESTIMATE OF RECOGNITION OF CONTRACTS

Contracts with customer financed development given the customers full or partial exclusivity for the product are classified as development project with customer financing being recognised in line with the finalisation for the project. The stage of completion is basis for the current recognition of revenue in the Company's use of the production method for contracts and determined by the relation between the Company's used resources compared to latest total estimate of resources. The stages of completion are estimated on an ongoing basis by the responsible employees, and Management carefully follows the development and make adjustments of the estimates if necessary. The revenue from contract development projects in progress at others' expense amount to DKK 91.3 million in 2017/18 (DKK 84.9 million in 2016/17).

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 Design Services and Business Communications. Design Services is an R&D design partner in wireless solutions and supplier of test systems. Business Communications is a supplier of advanced IP telephone solutions to the Enterprise and SME markets.

For a presentation of the events within the segments in the financial year and the development compared to 2016/17, please refer to the Management's report.

Segment information relating to business segments in the Group:

2017/18

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

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

2016/17

Amounts in DKK '000	Business Communi- cations	Design Services	Non- allocated	Group
Revenue to external customers	289,541	143,962	-	433,503
Segment revenue	289,541	143,962	-	433,503
EBITDA	60,248	18,869	-1,915	77,202
EBIT	57,485	17,987	-3,191	72,281
Segment assets	101,064	61,089	190,851	353,004
Investment in fixed assets	5,171	575	3,122	8,868

Investment in fixed assets include additions of intangible and tangible assets.



MANAGEMENT COMMENTS

In the financial year 2017/18 two customers in Business Communications each represent a revenue higher than 10% of total revenue. The largest customer represent 20.1% (2016/17: 23.3%) of revenue and the second one represent 13.3% (2016/17: 6.8%).

Notes

3 SEGMENT INFORMATION (CONTINUED)

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

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Denmark	10,121	7,225	10,121	7,225
France	98,558	102,909	98,558	102,909
Germany	62,055	68,574	62,055	68,574
Netherlands	51,207	53,312	51,207	53,312
Other Europe	69,036	71,913	69,036	71,913
Hong Kong	66,227	18,342	66,227	18,342
Other Asia and Pacific	38,705	45,886	38,693	45,841
USA	70,395	58,091	70,395	58,091
Other North and South America	2,366	1,952	2,366	1,952
Africa	6,671	5,299	6,671	5,299
Total	475,341	433,503	475,329	433,458



MANAGEMENT COMMENTS

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

The Group's revenue from external customers is divided into these product categories.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Enterprise	323,407	289,541	323,395	289,496
ProAudio	123,537	124,271	123,537	124,271
Healthcare	26,802	19,691	26,802	19,691
Headset	1,595	-	1,595	-
Total	475,341	433,503	475,329	433,458

4 REVENUE



ACCOUNTING POLICIES

Net revenue from finished products are recognized in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is calculated net of VAT, duties, etc. collected on behalf of a third party.

Net revenue from services and ongoing development projects for others' expenses is recognized as the agreed services are delivered so that revenue corresponds to the fair value of the work performed during the year. Contract costs are expensed when incurred.

If the outcome of a development project in progress cannot be predicted with reliability, 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.

Revenue is measured at fair value of the consideration received or receivable. The difference between fair value and nominal value of the consideration is recognized as financial income in the income statement by using the effective interest method.

Royalty is recognized as revenue on a straight-line basis in the period concerned. 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.

Costs of sales work and of securing contracts as well as financing costs are recognized in the income statement when incurred. 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.

Notes

4 REVENUE (CONTINUED)

Revenue by type of income:

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Development projects	91,284	84,923	91,284	84,923
Royalty	4,444	3,886	4,444	3,886
Sale of products, etc.	378,245	342,968	378,233	342,923
Other services	1,368	1,726	1,368	1,726
Total	475,341	433,503	475,329	433,458



MANAGEMENT COMMENTS

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

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.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Cost of sales	205,307	194,097	204,167	192,910
Write-down on inventories	1,670	-2,358	1,670	-2,358
Other unit costs	3,565	3,307	4,409	1,932
Total	210,542	195,046	210,246	192,484

6 STAFF COST 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 are 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.

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.

Notes

6 STAFF COST AND REMUNERATION (CONTINUED)

Amounts in DKK '000	GROUP		PARENT	
	2017/18	2016/17	2017/18	2016/17
Remuneration of the Board of Directors	1,734	1,725	1,734	1,725
Wages and salaries	130,898	117,574	99,923	91,714
Defined contribution pension plans	7,901	7,190	7,255	6,331
Other social security costs, etc.	1,535	1,473	1,220	1,114
Public grants related to staff costs	-487	-607	-487	-607
Other staff costs	61	54	61	54
Staff costs before share-based remuneration	141,642	127,409	109,706	100,331
Share-based remuneration	5,346	3,891	3,935	3,891
Total	146,988	131,300	113,641	104,222
Number of full-time employees at September 30	264	235	175	150
Average number of full-time employees	246	227	162	144

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

GROUP						
Amounts in DKK '000	2017/18			2016/17		
	Board of Directors	Executive Management	Other key management personnel	Board of Directors	Executive Management	Other key management personnel
Wages, salaries and fees	1,734	4,513	3,833	1,725	3,859	3,093
Bonus	-	446	837	-	40	663
Pensions	-	126	114	-	69	110
Total	1,734	5,085	4,784	1,725	3,968	3,866
Share-based payment	-	1,390	1,381	-	888	1,328
Total remuneration	1,734	6,475	6,165	1,725	4,856	5,194

PARENT						
Amounts in DKK '000	2017/18			2016/17		
	Board of Directors	Executive Management	Other key management personnel	Board of Directors	Executive Management	Other key management personnel
Wages, salaries and fees	1,734	4,513	1,331	1,725	3,859	1,379
Bonus	-	446	191	-	40	561
Pensions	-	126	114	-	69	110
Total	1,734	5,085	1,636	1,725	3,968	2,050
Share-based payment	-	1,390	537	-	555	519
Total remuneration	1,734	6,475	2,173	1,725	4,523	2,569

Notes

6 STAFF COST AND REMUNERATION (CONTINUED)



MANAGEMENT COMMENTS

On dismissal by the company the Executive Management shall be entitled to salary in the period of notice and severance pay totalling up to 12 months' salary, equivalent to DKK 6.4 million (DKK 3.7 million in 2016/17).

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

Amounts in DKK '000	2017/18	2016/17
Peter Thstrup, Chairman after the General Assembly, January 2014	500	500
Jesper Mailind, Deputy Chairman	300	300
Christian Engsted, Chairman of the Audit Committee	184	100
Jens Hansen	150	150
Lars Christian Tofft	150	100
Kurt Heick Rasmussen	150	150
Flemming Vendbjerg Andersen	150	150
Rune Strøm Jensen	150	150
Thomas Sieber	-	75
Katrin Calderon	-	50
Total	1,734	1,725



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 2015/16, 2016/17 and 2017/18 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 years period, and cannot vest before the annual general meetings in January 2019, January 2020 and January 2021 respectively.

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 Management and two other key management personnel, 25 key employees have been granted restricted stock units in 2017/18 under the same terms as the terms for the Executive Management. The total number of RSU's is covered by the treasury shares of RTX A/S.

Fair value of RSUs, conditions:

RSUs granted in:

	2017/18	2016/17	2015/16
Vesting period	2017/18-2019/20	2016/17-2018/19	2015/16-2017/18
Price per share	150.5	117.4	96.85
Volatility	0.34	0.39	0.36
Expected dividend	1.30%	1.70%	2.20%
Risk-free interest rate	-0.32%	0.00%	0.20%
The expected maturity	28 months	16 months	4 months
Fair value (Black-Scholes) per RSU is calculated to	99.04	64.07	71.21

Notes

6 STAFF COST AND REMUNERATION (CONTINUED)

Number of RSUs in RTX A/S:

	Executive manage- ment	Other key manage- ment personnel	Other employees	Total
Allocations in 2014/15	25,708	43,190	56,500	125,398
Allocations in 2015/16	15,243	26,741	49,500	91,484
Allocations in 2016/17	20,608	29,652	42,500	92,760
Allocations in 2017/18	13,614	14,388	31,811	59,813
Allocated as per September 30 2018	75,173	113,971	180,311	369,455
Regulations - ceased employments 2015/16	-23,336	-	-	-23,336
Regulations - ceased employments 2016/17	-	-28,272	-22,000	-50,272
Regulations - ceased employments 2017/18	-518	-	-7,760	-8,278
RSU's vested in 2017/18	-11,461	-30,997	-46,000	-88,458
Outstanding as per September 30 2018	39,858	54,702	104,551	199,111



MANAGEMENT COMMENTS

MATCHING SHARES PROGRAM:

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

Under the Matching Shares program Peter Røpke is 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 participants have the right to receive 1.5 shares in RTX A/S per invested share.

The fair value of the Matching Share program is 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 sharebased transaction.

Peter Røpke has acquired 8,895 shares in RTX and thereby fulfilled the conditions to a grant of 13,343 shares in RTX.

Number of Matching shares in RTX A/S:

Allocated to Peter Røpke 2015/16	13,343
Outstanding as per September 30 2018	13,343

	Group		Parent	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Below amounts have been expensed concerning				
RSU programs	4,846	3,443	3,435	3,443
Matching shares program	500	448	500	448
Share-based remuneration posted as staff costs	5,346	3,891	3,935	3,891

Notes

7 DEVELOPMENT COSTS

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Own development cost incurred before capitalization	34,318	36,877	34,318	36,877
Value of work transferred to assets (capitalized)	-16,305	-17,427	-16,305	-17,427
Total amortization and impairment losses on development projects	2,039	896	2,039	896
Development cost recognized in the profit and loss account	20,052	20,346	20,052	20,346
Development costs are recognized as follows:				
Other external expenses	4,534	4,729	4,534	4,729
Staff costs	29,784	32,148	29,784	32,148
Value of work transferred to assets	-16,305	-17,427	-16,305	-17,427
Amortization and impairment losses on development projects	2,039	896	2,039	896
Total	20,052	20,346	20,052	20,346

8 FEES TO AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Total fees to Deloitte can be specified as follows:				
Statutory audit	511	500	425	409
Tax advisory services	200	196	200	196
Other services	349	79	349	79
Total	1,060	775	974	684



MANAGEMENT COMMENTS

Fee for non-audit services by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 0.5 million and is comprised of advice on tax matters regarding taxable income and RSU programs, accounting advice on implementation and requirements of new IFRS standards and other general accounting advice.

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 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 recognised when the right to the dividends has been finally obtained.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Financial income				
Dividends from subsidiaries	-	-	5,324	-
Gains on current asset investments reclassified from other comprehensive income	498	-	498	-
Fair value adjustments of investments in trading portfolio	-	731	-	731
Other financial income	1,807	761	1,806	761
Total financial income	2,305	1,492	7,628	1,492
Financial expenses				
Interest costs to subsidiaries	-	-	424	390
Exchange rate loss (net)	135	2,959	135	2,852
Fair value adjustments of investments in trading portfolio	333	-	333	-
Other financial costs	441	434	422	413
Total financial expenses	909	3,393	1,314	3,655



MANAGEMENT COMMENTS

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

Notes

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 taxbased 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.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Tax on profit/loss for the year				
Current tax on profit/loss for the year	-4,330	-1,943	-3,101	-1,565
Change in deferred tax	-11,684	-12,153	-12,269	-12,009
Adjustment concerning previous years				
Current tax	-	-	-	-
Deferred tax	-294	1,918	-294	1,918
Total	-16,308	-12,178	-15,664	-11,656
Reconciliation of the effective tax percentage				
Result before tax	76,262	70,380	78,287	67,741
Calculated tax at a tax percentage of 22.0%	-16,778	-15,484	-17,223	-14,903
Effect of different tax percentages for foreign companies	74	59	-	-
Tax value of not tax-deductable costs/ taxable income	690	1,329	1,853	1,329
Adjustment compared to previous years	-294	1,918	-294	1,918
	-16,308	-12,178	-15,664	-11,656
Effective tax percentage (%)	21.4%	17.3%	20.0%	17.2%

Notes

10 INCOME TAXES (CONTINUED)

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Tax paid/received during the year	-1,746	4,700	-1,695	3,973
Income taxes, net				
Income taxes on 1 October, net	1,831	-4,354	1,982	-3,867
Current tax on profit/loss for the year	-4,330	-1,943	-3,101	-1,565
Tax paid during the year				
Current year	564	144	263	144
Previous years, net	-2,009	4,556	-1,958	3,829
Adjustment of current tax concerning previous years, net	-	3,441	-	3,441
Current tax of changes in equity	2,134	-	1,909	-
Exchange rate adjustments	-5	-13	-	-
Income taxes at 30 September, net	-1,815	1,831	-905	1,982
Which can be specified as follows:				
Income tax receivable	-	3,403	-	3,403
Income tax payable	-1,815	-1,572	-905	-1,421
Total	-1,815	1,831	-905	1,982

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Deferred Tax				
Deferred tax, net at 1 October	21,221	22,097	20,831	21,527
Adjustment of deferred tax concerning previous years	-294	1,918	-294	1,918
Foreign exchange adjustment	-296	-37	-	-
Change in deferred tax on profit/loss for the year	-11,684	-12,153	-12,269	-12,009
Change in deferred tax on equity for the year	-826	3,422	-1,129	3,421
Change in deferred tax on equity for last year	-1,573	5,974	-1,573	5,974
Deferred tax, net at 30 September	6,548	21,221	5,566	20,831
Specification of deferred tax:				
Intangible assets	-1,437	4,872	-1,437	4,872
Plant, equipment and leasehold improvements	3,061	2,922	3,061	2,922
Inventories	903	834	903	834
Receivables	-2,279	369	-2,279	369
Non-current liabilities	775	418	444	29
Tax loss carryforwards	799	5,461	799	5,460
Share-based remuneration	4,726	6,345	4,075	6,345
Total	6,548	21,221	5,566	20,831
Which can be specified as follows:				
Deferred tax assets	6,548	21,221	5,566	20,831
Total	6,548	21,221	5,566	20,831

Notes

11 EARNINGS PER SHARE

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

Amounts in DKK '000	GROUP	
	2017/18	2016/17
1,000 shares		
Average number of shares	9,045	9,290
Average number of treasury shares	-489	-555
Average number of shares in circulation	8,556	8,735
Average diluted effect on outstanding RSU	135	181
Average diluted number of shares	8,691	8,916
Profit/loss for the year in DKK '000	59,954	58,202
Earnings per share (DKK)	7.0	6.7
Diluted earnings per share (DKK)	6.9	6.5

12 INTANGIBLE ASSETS

Amounts in DKK '000	GROUP			
	Own completed development projects	Own development projects in progress	Acquired licence rights	Goodwill
Cost at 1 October 2016	11,575	985	3,598	8,269
Retirements	-8,890	-	-	-
Internal additions	-	17,427	-	-
Cost at September 30 2017	2,685	18,412	3,598	8,269
Amortization and impairment at October 1 2016	-10,008	-	-3,598	-472
Amortization for the year	-896	-	-	-
Retirements	8,890	-	-	-
Amortization and impairment at September 30 2017	-2,014	-	-3,598	-472
Carrying amount at September 30 2017	671	18,412	-	7,797
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	-	-
Cost at September 30 2018	15,121	22,281	6,763	8,269
Amortization and impairment at October 1 2017	-2,014	-	-3,598	-472
Amortization for the year	-2,038	-	-1,055	-
Amortization and impairment at September 30 2018	-4,052	-	-4,653	-472
Carrying amount at September 30 2018	11,069	22,281	2,110	7,797

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

Notes

12 INTANGIBLE ASSETS (CONTINUED)



ACCOUNTING POLICIES GOODWILL

Goodwill arisen in relation to business combinations is distributed at the time of acquisition to the cash flow units which are expected to obtain financial advantages from the acquisition.

The carrying amount of goodwill is distributed as follows on the respective cash flow generating units:

Amounts in DKK '000	PARENT	
	2017/18	2016/17
RTX Hong Kong, Ltd.	7,797	7,797

Goodwill is as a minimum tested once a year for impairment and more frequently if there are indications of impairment.

The recoverable amount for the individual cash flow generating units to which the goodwill amounts have been distributed are stated based on computation of 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 years are used and a terminal value is added. Management estimates that changes that are likely to happen 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 reflect market evaluations of the time value of money, reflected in risk free interest and the specific risks connected to the individual cash flow generating unit. The pre tax discount rate used in the calculation is 13% (in 2016/17 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 2016/17.



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 development projects. Net present value calculations are based on the expected cash flow from the assets in management approved budgets over expected life-time of the projects, and a discount rate before tax at 13% (in 2016/17 13%).

Management estimates that the changes in the conditions are likely to be made and will not make the accounting value of the goodwill or development projects exceed the recoverable amount.

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.

Notes

13 TANGIBLE ASSETS (CONTINUED)

GROUP

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2016	16,978	12,721	1,822
Foreign exchange adjustments	-	-3	-
Additions	5,328	2,842	698
Cost at September 30 2017	22,306	15,560	2,520
Depreciation and impairment at October 1 2016	-12,242	-10,878	-967
Foreign exchange adjustments	-	-28	-2
Depreciation for the year	-2,344	-1,568	-113
Depreciation and impairment at September 30 2017	-14,586	-12,474	-1,082
Carrying amount at September 30 2017	7,720	3,086	1,438

GROUP

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2017	22,306	15,560	2,520
Foreign exchange adjustments	-	-3	-
Additions	4,907	1,465	2,018
Cost at September 30 2018	27,213	17,022	4,538
Depreciation and impairment at October 1 2017	-14,586	-12,474	-1,082
Foreign exchange adjustments	-	24	-
Depreciation for the year	-3,214	-1,684	-266
Depreciation and impairment at September 30 2018	-17,800	-14,134	-1,348
Carrying amount at September 30 2018	9,413	2,888	3,190

Notes

13 TANGIBLE ASSETS (CONTINUED)

PARENT

Amounts in DKK '000	Plant and machinery	Other fixtures, tools and equipment	Leasehold improvements
Cost at October 1 2016	16,436	11,189	870
Additions	5,328	2,783	698
Cost at September 30 2017	21,764	13,972	1,568
Depreciation and impairment at October 1 2016	-11,700	-10,036	-66
Depreciation for the year	-2,344	-1,346	-87
Depreciation and impairment at September 30 2017	-14,044	-11,382	-153
Carrying amount at September 30 2017	7,720	2,590	1,415

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
Cost at September 30 2018	26,671	15,342	3,586
Depreciation and impairment at October 1 2017	-14,044	-11,382	-153
Depreciation for the year	-3,214	-1,467	-243
Depreciation and impairment at September 30 2018	-17,258	-12,849	-396
Carrying amount at September 30 2018	9,413	2,493	3,190

Notes

14 INVESTMENTS IN SUBSIDIARIES



ACCOUNTING POLICIES

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

Amounts in DKK '000	PARENT	
	2017/18	2016/17
Cost at October 1	30,553	30,553
Additions	4,257	-
Cost at September 30	34,810	30,553
Value adjustment at October 1	-	-
Value adjustment at September 30	-	-
Carrying amount at September 30	34,810	30,553



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 enterprises at September 30 2018:

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%	5,782	448
RTX Hong Kong Ltd., Hong Kong	T. HKD 1,110	100%	25,036	2,084
Total			30,818	2,532

Subsidiaries' addresses and time for establishment:

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

15 DEPOSITS

Amounts in DKK '000	GROUP		PARENT	
	2017/18	2016/17	2017/18	2016/17
Rent deposits				
Cost at October 1	7,696	7,723	7,125	7,125
Exchange rate adjustments	11	-39	-	-
Additions for the year	41	12	9	-
Cost at September 30	7,748	7,696	7,134	7,125
Carrying amount at September 30	7,748	7,696	7,134	7,125



ACCOUNTING POLICIES

Deposits are measured at cost. Deposits are not depreciated.

16 INVENTORIES



ACCOUNTING POLICIES

Inventories are measured at the lower of cost using the FIFO method and net realizable value.

Amounts in DKK '000	GROUP		PARENT	
	2017/18	2016/17	2017/18	2016/17
Raw materials and consumables	4,228	4,122	4,228	4,122
Finished goods	17,906	20,025	17,906	20,025
Total inventories	22,134	24,147	22,134	24,147
Write-down of inventories for the year	1,670	-2,358	1,670	-2,358

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 amortised cost less write-down for bad debts. Writedown is made on an individual basis by using a writedown account.

Trade receivables are written down to net realisable value equal to the sum of future net payments expected to be generated by receivables. Claims in the Group have been written down to net realisable value based on an individual assessment.

Amounts in DKK '000	GROUP		PARENT	
	2017/18	2016/17	2017/18	2016/17
Receivables, gross	124,645	85,681	124,645	85,681
Write-down for expected losses	-1,125	-1,675	-1,125	-1,675
Carrying amount at 30 September	123,520	84,006	123,520	84,006
Write-down for the year	-550	1,675	-550	1,675
Trade receivables that have been written down are included in the income statement as other external expenses.				
Provisions account at October 1	1,675	-	1,675	-
Losses recorded for the year	-725	-	-725	-
Reversed provisions	-	-	-	-
Bad debt provisions for the year	175	1,675	175	1,675
Provisions account at September 30	1,125	1,675	1,125	1,675



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 sales of products on credit RTX makes credit evaluations, credit insurance and bank guarantees to secure the debts.

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.

Notes

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 write-down for bad debt.

The selling price is measured based on the stage of completion on the balance sheet date and the total estimated income from each development project. Usually, the stage of completion is estimated as the ratio between the realised and the total budgeted consumption of time and material.

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.

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.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Construction cost plus recognized profit to date	115,450	76,834	115,450	76,834
Invoiced on account	-103,414	-62,905	-103,414	-62,905
Contract development projects in progress, net	12,036	13,929	12,036	13,929
Which are recognized in the balance sheet as follows:				
Receivables	15,165	16,472	15,165	16,472
Current liabilities	-3,129	-2,543	-3,129	-2,543
Contract development projects in progress, net	12,036	13,929	12,036	13,929
Total value of orders, etc	152,583	99,186	152,583	99,186
Sales value hereof of performed work recognized as income	-115,450	-76,834	-115,450	-76,834
Sales value of non-performed work	37,133	22,352	37,133	22,352
Sales value of non-performed work at the balance sheet date in % of total volume of orders, etc	24%	23%	24%	23%

Notes

19 CURRENT ASSET INVESTMENTS



ACCOUNTING POLICIES

According to the regulations of IAS 39 the Group's portfolio of current asset investments recognized under current assets are divided in financial current assets available for sale and trading portfolio.

CURRENT ASSETS AVAILABLE FOR SALE

Current assets investments consist of listed Danish bonds issued by the Ship Credit Fund. The remaining bonds were divested in 2017/18. Unrealised losses and gains are recognized in other comprehensive income. Upon sale of the assets, accumulated gains and losses reconized in equity are transferred to the income statement.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Cost at October 1	17,886	17,886	17,886	17,886
Value adjustment of disposals	-	-	-	-
Additions for the year	-	-	-	-
Disposals for the year	-17,886	-	-17,886	-
Cost at September 30	-	17,886	-	17,886
Fair value adjustment at October 1	506	372	506	372
Fair value adjustments for the year	-506	134	-506	134
Fair value adjustment at September 30	-	506	-	506
Carrying amount at September 30	-	18,392	-	18,392

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Current asset investments consist of listed Danish mortgage bonds and bonds issued by the Ship Credit Fund with an:				
Average maturity of (years)	-	2.3	-	2.3
Average effective rate of interest of	-	0.0%	-	0.0%
Bonds terminate within the following periods from the balance sheet date:				
Less than one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and three years	-	18,392	-	18,392
Between three and four years	-	-	-	-
Between four and five years	-	-	-	-
After five years	-	-	-	-
Total	-	18,392	-	18,392

Notes

19 CURRENT ASSET INVESTMENTS (CONTINUED)



ACCOUNTING POLICIES

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 Capital to provide active investment management to part of the Group's portfolio of securities. The portfolio is measured at fair value and unrealised losses and gains are currently recognized in the income statement.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Cost at October 1	99,376	88,553	99,376	88,553
Value adjustment of disposals	-	90	-	90
Additions for the year	19,995	20,700	19,995	20,700
Disposals for the year	-	-9,967	-	-9,967
Cost at September 30	119,371	99,376	119,371	99,376
Value adjustment at October 1	1,489	848	1,489	848
Value adjustments for the year	-332	641	-332	641
Value adjustment at September 30	1,157	1,489	1,157	1,489
Carrying amount at September 30	120,528	100,865	120,528	100,865

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Current asset investments consist of listed Danish mortgage bonds with an:				
Average maturity of (years)	3.4	2.4	3.4	2.4
Average effective rate of interest of	1.0%	1.0%	1.0%	1.0%
Bonds terminate within the following periods from the balance sheet date:				
Less than one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and three years	18,079	100,865	18,079	100,865
Between three and four years	102,449	-	102,449	-
Between four and five years	-	-	-	-
After five years	-	-	-	-
Total	120,528	100,865	120,528	100,865

Notes

20 SHARE CAPITAL

The share capital of DKK 44,714,190 (2016/17: 45,714,190) consists of 8,942,838 (2016/17: 9,142,838) shares of DKK 5.

The Group holds 374,849 treasury shares at 30 September 2018 (549,907 shares at 30 September 2017).

There are no shares with special rights.

Amounts in DKK '000	PARENT	
	2017/18	2016/17
Development in share capital:		
Share capital at October 1	45,714	47,164
Annulment of treasury shares	-1,000	-1,450
Share capital at September 30	44,714	45,714
Number of shares at DKK 5 at 30 September	8,942,838	9,142,838



MANAGEMENT COMMENTS

As stated in announcement 06/2018 it was decided at the Extraordinary General Meeting on February 27 2018 to reduce the Company's share capital by annulment of 200,000 treasury shares. On 4 April 2018 the capital reduction was executed.

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.

Amounts in DKK '000	Parent			
	Nominal value	Number of shares at DKK 5	% of share capital	Transaction price
Shareholding at October 1 2017	2,750	549,907	6.0%	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	-2.2%	-19,346
Shareholding at September 30 2018	1,874	374,849	4.2%	62,367
Fair value of shareholding at 30 September 2018, DKK '000		67,323		

Amounts in DKK '000	Parent			
	Nominal value	Number of shares at DKK 5	% of share capital	Transaction price
Shareholding a October 1 2016	2,777	555,341	6.1%	43,781
Purchase for the year	1,732	346,409	3.8%	53,420
Disposal treasury shares	-309	-61,843	-0.7%	-4,724
Annulment of treasury shares	-1,450	-290,000	-3.2%	-19,314
Shareholding at September 30 2017	2,750	549,907	6.0%	73,163
Fair value of shareholding at September 30 2017, DKK '000		98,983		

Notes

22 PROVISIONS



ACCOUNTING POLICIES

Provisions are recognised 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.

Guarantee commitments comprise commitments to remedy defects and deficiencies on goods sold within the guarantee 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 recognised equal to the total loss estimated to result from the relevant project.

Provisions on dismissed employees are recognised 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.

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Provision for guarantee obligations				
Provisions at October 1	1,290	1,307	1,290	1,307
Provisions made during the year	1,280	583	1,280	583
Provisions used during the year	-550	-600	-550	-600
Provisions at September 30	2,020	1,290	2,020	1,290
Provisions for other obligations				
Provisions at October 1	250	2,429	250	2,429
Provisions made during the year	-	100	-	100
Provisions used during the year	-250	-2,279	-250	-2,279
Provisions at September 30	-	250	-	250
Total provisions at September 30	2,020	1,540	2,020	1,540
Provisions are recognized in the balance sheet as follows:				
Current liabilities (less than 1 year)	1,115	1,282	1,115	1,282
Non-current liabilities (between 1 and 2 years)	905	258	905	258
Total	2,020	1,540	2,020	1,540



MANAGEMENT COMMENTS

The guarantee obligations concern products with up to two years' warranty.

Other obligations are primarily related to obligations for employees dismissed and disemployed.



UNCERTAINTIES AND ESTIMATES

The obligations are prepared based on previous years' experience. The expenses are expected to be paid in the period October 1 2018 - September 30 2020 (2016/17: October 1 2017 - September 30 2019).

Notes

23 OTHER PAYABLES

Amounts in DKK '000	GROUP		PARENT	
	2017/18	2016/17	2017/18	2016/17
Wages and salaries, personal income taxes, social security costs, holiday pay, etc.	12,821	8,584	8,769	6,538
Holiday allowance, etc.	14,176	11,981	13,277	11,784
Other costs payable	6,320	4,621	5,816	3,463
Total	33,317	25,186	27,862	21,785



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 guarantee and supply obligations other than the obligations and guarantees relating to the services and products developed by the Group.

In 2017/18 RTX A/S has not provided payment guarantees etc. which was also the case in 2016/17.

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 2018-2025 operating leases have been concluded for lease of premises, cars and equipment, including IT equipment, etc.

The Group's rental obligations of the leasehold amount to DKK 39.8 million (DKK 40.9 million at September 30 2017).

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	
	2017/18	2016/17	2017/18	2016/17
Less than one year	6,996	6,602	5,068	4,990
Between one five years	22,719	19,522	19,319	19,420
More than five years	10,688	15,438	10,688	15,438
Total	40,403	41,562	35,075	39,848

The Group's costs of rent/leasing amounted to DKK 7.1 million in 2017/18 and DKK 5.7 million in 2016/17. The amounts are recognized in the income statement.

Notes

25 OTHER ITEMS WITH NO EFFECTS ON CASH FLOW

Amounts in DKK '000	GROUP		PARENT	
	2017/18	2016/17	2017/18	2016/17
Change in write-down to net realisable value of current assets	1,120	-2,425	1,120	-739
Change in provisions	480	-2,197	480	-2,197
Share-based remuneration	5,346	3,891	5,346	3,891
Capital contribution to subsidiaries (RSU programs)	-	-	-4,257	-
Unrealised exchange rate adjustments etc.	-641	-	-1,422	-
Total	6,305	-731	1,267	955

26 RELATED PARTIES

TRANSACTION BETWEEN RELATED PARTIES

Related parties with significant interest in RTX include the Company's Board of Directors, Executive Management and other key management personnel 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 BOARD

Management's remuneration and share-based remuneration are stated in note 6. Four members of the Board of Directors (the employee representatives and Jens Hansen) are employed in RTX A/S, and besides their board remuneration they receive a market salary equivalent to their position. In 2017/18 the amount totalled DKK 3.1 million (2016/17: DKK 3.0 million).

SUBSIDIARIES

In 2017/18 trade etc. between RTX A/S and related parties amounted to DKK 48.5 million (2016/17: DKK 43.6 million). There have been no transactions between the subsidiaries in 2017/18.

Transactions with subsidiaries have comprises the following:

Amounts in DKK '000	SUBSIDIARIES	
	2017/18	2016/17
Purchase of services	48,469	43,575
Received dividends from subsidiaries (recharge of RSU costs)	5,324	-
Interest costs for subsidiaries	424	390
Payables to subsidiaries	28,562	25,150

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 Management, other key management personnel, large shareholders or other related parties, apart from payment of normal management remuneration as disclosed in note 6.

27 DIVIDEND

Dividends of DKK 17.1 million will be recommended (2016/17 DKK 17.2 million) equivalent to a dividend per share of DKK 2.00. (2016/17 DKK 2.00 per share). In January 2018 RTX paid dividends of DKK 17.0 million (January 2017 DKK 17.6 million), equivalent to a dividend per share of DKK 2.00 (2015/16 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	
	2017/18	2016/17	2017/18	2016/17
Trade receivables	123,520	84,006	123,520	84,006
Other receivables	6,284	9,036	5,202	8,407
Cash at bank and in hand	62,073	32,045	56,523	27,712
Total loans and receivables	191,877	125,087	185,245	120,125
Current asset investments	-	18,392	-	18,392
Financial assets available for sale	-	18,392	-	18,392
Current asset investments	120,528	100,865	120,528	100,865
Financial assets at fair value through profit/loss	120,528	100,865	120,528	100,865
Payables to subsidiaries	-	-	28,562	25,150
Mortgage debt	-	-	-	-
Employee bonds	-	-	-	-
Trade payables	69,360	38,607	69,357	38,602
Other payables	33,317	25,186	27,862	21,785
Financial liabilities measured at amortized cost	102,677	63,793	125,781	85,537



MANAGEMENT COMMENTS

FINANCIAL RISK MANAGEMENT POLICY

As a consequence of its operations, investments and financing, RTX is primarily exposed to changes in the level of interest and exchange rates. 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	
	2017/18	2016/17	2017/18	2016/17
Current asset investments available for sale	-	18,392	-	18,392
Current asset investments in the trading portfolio	120,528	100,865	120,528	100,865
Cash at bank and in hand	62,073	32,045	56,523	27,712
Total	182,601	151,302	177,051	146,969

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.

GROUP				
Amounts in DKK '000	Within one year	Between one and five years	After five years	Total
Trade payables	69,360	-	-	69,360
Other payables	33,317	-	-	33,317
Total	102,677	-	-	102,677

PARENT				
Amounts in DKK '000	Within one year	Between one and five years	After five years	Total
Trade payables	69,357	-	-	69,357
Other payables	27,862	-	-	27,862
Total	97,219	-	-	97,219



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 deemed necessary and possible to secure the outstanding amounts. RTX has one single significant trade debtor, for whom it hasn't 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:

	GROUP		PARENT	
Amounts in DKK '000	2017/18	2016/17	2017/18	2016/17
Amounts not due	105,379	69,858	105,379	69,858
Amounts due with up to 30 days	15,186	9,895	15,186	9,895
Due between 30 and 60 days	2,936	1,866	2,936	1,866
Due between 60 and 90 days	-	106	-	106
Due between 90 and 120 days	3	2,281	3	2,281
Due with more than 120 days	16	-	16	-
Total	123,520	84,006	123,520	84,006

Approx. 20% (2016/17: 35%) of the company's receivables are secured by credit insurance on the balance sheet date. Top 5 of the uninsured not due receivables account for approx. 55% of total uninsured not due receivables, which is in line with last year. There has been no loss on the Top 5 debtors previous years. Provisions for loss on trade receivables are specified in note 17. A major part of receivables more than 30 days overdue, which have not been written down, have been paid after the balance sheet date.

Notes

28 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (CONTINUED)



MANAGEMENT COMMENTS CURRENCY RISKS

The Group is exposed to exchange rate fluctuations as the individual Group enterprises make investment, 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 2017/18 or 2016/17.

Specification of the Group's risks in foreign currencies:

GROUP					SENSITIVITY		
Amounts in DKK '000							
	Cash and current asset investments	Receiv- ables	Liabilities	Net position	Expected change in currency exchange rate	Hypo- thetical effect on result of the year before tax	Hypo- thetical effect before tax on equity
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
Total at September 30 2018	40,588	124,729	74,501	90,816			
EUR	675	5,552	243	5,984	1%	60	60
USD	26,544	78,698	37,318	67,924	10%	6,792	6,792
Other	833	3	665	171	5%	9	9
Total at September 30 2017	28,052	84,253	38,226	74,079			

Specification of the Parent's risks in foreign currencies:

PARENT					SENSITIVITY		
Amounts in DKK '000							
	Cash and current asset investments	Receiv- ables	Liabilities	Net position	Expected change in currency exchange rate	Hypo- thetical effect on result of the year before tax	Hypo- thetical effect before tax on equity
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
Total at September 30 2018	35,039	124,729	97,405	62,363			
EUR	494	5,552	243	5,803	1%	58	58
USD	23,219	79,973	41,918	61,274	10%	6,127	6,127
HKD	-	-	17,845	-17,845	10%	-1,785	-1,785
Other	6	-	665	-659	5%	-33	-33
Total at September 30 2017	23,719	85,525	60,671	48,573			



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 2017/18, 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 RISKS

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 would have had a negative impact of DKK 3.0 million (September 30 2017: DKK 2.5 million) before tax on the Group's income statement and equity.

A decline in the interest rate level would have had a proportionate 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 73.8% at the end of the financial year 2017/18 compared to 80.2% in 2016/17.



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	
	2017/18	2016/17
Income taxes payable	1,815	1,572
Income taxes receivable	-	-3,403
Current asset investments available for sale	-	-18,392
Current asset investments in the trading portfolio	-120,528	-100,865
Cash at bank and in hand	-62,073	-32,045
Interest-bearing net debt	-180,786	-153,133
Equity	311,999	282,975
Financial gearing	-0.58	-0.54

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			
	Level 1	Level 2	Level 3	Total
Bonds listed on the stock exchange, available for sale	-	-	-	-
Bonds listed on the stock exchange, in the trading portfolio	120,528	-	-	120,528
Financial assets at fair value at September 30 2018	120,528	-	-	120,528
Bonds listed on the stock exchange, available for sale	18,392	-	-	18,392
Bonds listed on the stock exchange, in the trading portfolio	100,865	-	-	100,865
Financial assets at fair value at September 30 2017	119,257	-	-	119,257

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 Note 1, 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 proportionate share of minority interests of the result is included as part of the consolidated profit and as a separate component of the Group's equity. 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

NET REVENUE

Net revenue from finished products are recognized in the income statement when delivery and transfer of risk to the buyer has taken place.

Net revenue from services and ongoing development projects for others' expenses is recognized as the agreed services are delivered so that revenue corresponds to the fair value of the work performed during the year. Costs incurred are expensed when incurred.

Revenue is measured at fair value of the consideration received or receivable. The difference between fair value and nominal value of the consideration is recognized as financial income in the income statement by using the effective interest method.

Notes

Royalty is recognized as revenue on a straight-line basis in the period concerned. 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.

Revenue is calculated net of VAT, duties, etc. collected on behalf of a third party. If the outcome of a development project in progress cannot be predicted with reliability, 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.

Costs of sales work and of securing contracts as well as financing costs are recognized in the income statement when incurred. 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.

COST OF SALES

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.

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 account that does not meet the criteria for capitalization. Furthermore, provisions for losses on development projects in progress are included.

DEVELOPMENT PROJECTS FOR OWN ACCOUNT

Development costs for own account 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.

BALANCE SHEET

DEVELOPMENT PROJECTS IN PROGRESS AND COMPLETED ON OWN ACCOUNT

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.

Interest costs on loans for financing the production of qualifying development projects are included in the cost of development projects if they relate to the production period.

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 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 to the Group's activities with separate cash generating units. The determination of cash-generating units follows the management structure and internal financial management and financial reporting in the Group.

Goodwill is not amortized, but the carrying amount is tested for impairments at least once a year. If the carrying amount of an asset exceeds its recoverable amount, it is written down to its recoverable amount.

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 de-

Notes

velopment 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 value in use. 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.

INVENTORIES

Inventories are measured at cost using the FIFO method, or net realizable value if this is lower. Cost of goods, raw materials and consumables include the purchase price plus delivery costs. The cost of finished goods and work in progress comprises the cost of raw materials and labor, and production as well as fixed and variable production overheads.

The net realizable value of inventories is calculated as the estimated selling price less costs of completion and necessary sales costs.

RECEIVABLES & PREPAYMENTS

Trade receivables are initially recognized at fair value and less allowance for doubtful trade receivables. The allowance is deducted from carrying amount of the trade receivables and recognized in the income statement under other external costs.

ACCRUED INCOME AND DEFERRED EXPENSES

Accrued income and deferred expenses recognized under assets include costs incurred relating to subsequent financial years. Accrued income and deferred expenses are measured at cost.

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 operating activities 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.

The Group's reportable segments are determined based on the internal financial reporting to Executive Management 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 ¹⁾	Profit/loss before financial income and expenses
Growth in net turnover ^{1) 2)}	$\frac{(\text{Net turnover in year } n - \text{net turnover in year } n - 1) * 100}{\text{Net turnover in year } n - 1}$
Profit margin ¹⁾	$\frac{\text{Operating profit/loss} * 100}{\text{Net turnover}}$
Return on invested capital (ROIC including goodwill) ¹⁾	$\frac{\text{Operating profit/loss before amortization (EBITA)} * 100}{\text{Average invested capital including goodwill}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax and minority interests} * 100}{\text{Average equity}}$
Equity ratio ²⁾	$\frac{\text{Equity at year-end} * 100}{\text{Total assets at year-end}}$
Earnings per share (EPS)	$\frac{\text{Profit/loss from ordinary activities after tax and minority interests}}{\text{Average number of shares in circulation each at a nominal value of DKK 5}}$
Diluted earnings per share (DEPS)	$\frac{\text{Profit/loss from ordinary activities after tax and minority interests}}{\text{Average number of diluted shares each at a nominal value of DKK 5}}$
Equity value per share ²⁾	$\frac{\text{Equity excluding minority interests at year-end}}{\text{Number of shares in circulation at year-end}}$
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
Bluetooth™	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.
CAT-iq™	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.
DECT	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.
IP/VoIP	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
ODM	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.
OEM	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.
PBX/PABX	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.
Repeater	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).
RF/HF	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.
VoIP	See IP/VoIP.
Wi-Fi	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.

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