



REMUNERATION REPORT 2019/20

TRANSFORMING
WIRELESS WISDOM
INTO SOLUTIONS

CVR NO.: 17 00 21 47

RTX
WIRELESS WISDOM

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This remuneration report provides an overview of the total remuneration received by each member of the Board of Directors and of the Executive Board of RTX A/S, CVR no. 17002147 ("RTX" or "Company") during the 2019/20 financial year from 1 October 2019 to 30 September 2020. The Board of Directors and the Executive Board comprise the persons registered with the Danish Business Authority as members of the management and Board of Directors of RTX.

The remuneration of the Board of Directors and the Executive Board during the 2019/20 financial year has been provided in accordance with the remuneration policy of RTX adopted at the Annual General Meeting on 23 January 2020. The remuneration policy is available on RTX's website at www.rtx.dk/RemunerationPolicy. The overall objectives of the remuneration policy of RTX are (i) to attract, motivate and retain qualified members of the Executive Board and the Board of Directors; (ii) to ensure alignment between the interest of the management, the Company and the shareholders; and (iii) to help promote long-term value creation in RTX and thus support RTX's business strategy.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act and the provisions of the Shareholders' Rights Directive 2017/828 of the European Parliament and of the Council of 17 May 2017.

The information included in this remuneration report has primarily been derived from the audited annual reports of the Company for the financial year 2019/20 available from RTX's website. All amounts are included in thousand DKK and are gross amounts.

Introduction

REMUNERATION POLICY

According to RTX's remuneration policy, as adopted at the Annual General Meeting on 23 January 2020, it is RTX's policy to offer a competitive remuneration to the Executive Board in order to attract, motivate and retain qualified individuals in the markets in which RTX competes. The remuneration is designed to create shared interests between the Executive Board and the shareholders of RTX as well as to promote and support RTX's short-term and long-term goals and strategies. To this end Executive Board remuneration can encompass fixed remuneration, short-term cash-based bonuses and longer-term share-based bonuses. The Board of Directors receive a fixed remuneration and does not receive variable remuneration components.

PERFORMANCE 2019/20

Revenue in 2019/20 reached DKK 556 million which was within the updated outlook for the year, but below the original expectations set out at the beginning of the financial year. Revenue growth was -1%, both reported and FX corrected and all organically. However, despite the lower than expected revenue, both EBITDA and EBIT were within the expectations as set out at the beginning of the financial year. EBITDA increased 8% to DKK 108 million while EBIT decreased slightly by 4% reaching DKK 84 million. With the revenue performance below and earnings within – but not in the high range of – the original expectations for the year, the Executive Board has only earned a smaller partial cash bonus compared to the maximum bonus level, i.e. if all performance criteria had been fulfilled to the maximum extent.



Remuneration for the Board of Directors

Members of the Board of Directors receive a fixed annual remuneration approved by the General Meeting and stated in the annual report and in this remuneration report.

Members of the Board of Directors do not receive any variable compensation (such as short-term cash-based bonus or long-term share-based bonus). The ratio between the fixed remuneration for the Chairman of the Board, the Deputy Chairman of the Board, board members elected by the employees, board members who are also members of the Audit Committee and other members of the Board may

vary, among other things depending on the board member's competencies and efforts.

Documented travel costs of board members related to the work in the Board of Directors or in the Audit Committee are reimbursed. Board members do not receive travel allowance.

There have been no changes to the composition of the Board of Directors in 2019/20.

TABLE 1: REMUNERATION 2019/20, BOARD OF DIRECTORS (DKK '000)

Name and position	Board Fee	Committee Fee	Other fees or benefits	Total remuneration
Peter Thostrup ; Chairman, Member of the Audit Committee	600	0	0	600
Jesper Mailind ; Deputy Chairman, Member of the Audit Committee	400	0	0	400
Christian Engsted ; Board Member, Chairman of the Audit Committee	200	150	0	350
Lars Christian Tofft ; Board Member	200	0	0	200
Henrik Schimmell ; Board Member	200	0	0	200
Flemming Vendbjerg Andersen ; Board Member (Employee Repr.)	200	0	0	200
Kurt Heick Rasmussen ; Board Member (Employee Repr.)	200	0	0	200
Kevin Harritsø ; Board Member (Employee Repr.)	200	0	0	200
Total	2,200	150	0	2,350

Remuneration for the Executive Board

The remuneration for the Executive Board may be composed of the following remuneration components:

- a. Fixed base salary
- b. Pension contributions (not applicable for all Executive board members)
- c. Customary employee benefits, including company car and associated costs
- d. Cash bonuses (short-term incentive-based remuneration)
- e. Share-based payments (long-term incentive-based remuneration)
- f. Matching shares programme

The combination of these components creates a balanced remuneration package reflecting both individual performance and responsibility of the members of the Executive Board in relation to RTX's short-term and long-term goals and targets as well as the Company's overall performance.

The composition of the remuneration of each individual member of the Executive Board is determined so as to facilitate the Company's ability to attract and retain qualified management while at the same time ensuring the Executive Board has incentives to create added value for the Company's shareholders through variable compensation.

The terms of employment and remuneration of the members of the Executive Board are agreed between the individual member and the Board of Directors.

There have been no changes to the composition of the Executive Board in 2019/20.

In table 2 below, the remuneration for the Executive Board in 2019/20 is listed.

FIXED BASE SALARY

The purpose of the fixed base salary, pension contributions and other customary benefits is primarily to provide the individual Executive Board member with a predictable minimum remuneration so as to be able to attract and retain Executive Board members with the desired competencies. In determining the remuneration levels, the remuneration levels in comparable companies are taken into account.

The ratio between the fixed base salary and the total remuneration depends on the achievement of the performance criteria (KPIs) for the variable remuneration components.

PENSION CONTRIBUTIONS

An employer-paid pension contribution may be provided to members of the Executive Board. In case such pension is provided it may amount to up to 10% of the total remuneration.

OTHER CUSTOMARY BENEFITS

Other benefits (such as company car, health insurance, free telephone, internet subscription) may also be provided

to members of the Executive Board. Other benefits may amount to up to 6% of the total remuneration.

SHORT-TERM CASH-BASED BONUS

The purpose of the cash-based bonus is to ensure the Executive Board's focus on the core – primarily short-term – performance criteria (KPIs) in the Company's strategy and to reward satisfactory results in relation to these performance criteria which are aligned with RTX's strategy, objectives and value-creation. The performance criteria (KPIs) applied in 2019/20 are shown in table 3 below.

There may also be a retention bonus, loyalty bonus or similar bonus schemes.

LONG-TERM SHARE-BASED BONUS

The purpose of the long-term share-based bonuses is to secure the Executive Board's incentive to safeguard RTX's long-term interests. In particular the fact that the long-term share-based bonus has a multi-year vesting period (2-3 years depending on program) ensures that the Executive Board is continuously exposed to developments in the share price and ensure a particular emphasis on the longer-term results and value creation of the Company.

The long-term share-based bonuses for the Executive Board consist of a restricted share unit (RSU) program and an accelerated restricted share unit (Accelerated RSU) program.

RSUs are issued to members of the Executive Board through a vesting plan and will vest if and after having

achieved the required performance criteria. RSUs have no tangible value until they have vested. The RSUs vest three years after the award to create shared long-term interests between RTX and the Executive Board. The RSUs will vest provided that (i) defined targets for the Company's share price and the EBITDA are achieved in the three years' period from the award, that (ii) the employee is still employed during the vesting period (if the Executive Board member leaves the company as a bad leaver the right to exercise the RSUs will lapse) and that (iii) the Board of Directors assesses that the Executive Board is conducting the business to the extent relevant in compliance with the 10 principles of social responsibility in the UN Global Compact which has been adopted by RTX.

Likewise, Accelerated RSUs are issued to members of the Executive Board through a vesting plan and will vest if and after having achieved the required performance criteria. Accelerated RSUs have no tangible value until they have vested. The RSUs vest three years after the award to create shared longer-term interests between RTX and the Executive Board. The Accelerated RSUs will vest provided that (i) highly ambitious defined targets for the Company's revenue, EBITDA and share price are achieved in the financial year two or three years after the issue of Accelerated RSUs, that (ii) the employee is still employed during the vesting period (if the Executive Board member leaves the company as a bad leaver the right to exercise the RSUs will lapse) and that (iii) the Board of Directors assesses that the Executive Board is conducting the business to the extent relevant in

compliance with the 10 principles of social responsibility in the UN Global Compact which has been adopted by RTX.

For both RSU and Accelerated RSU programs all the performance criteria (for a program to vest) must be met if the program shall vest – thus a partial vesting based on fulfillment of one or more, but not all, criteria is not possible.

The award and vesting under ongoing long-term share-based bonus programs are displayed in table 4 below. The parameters for calculating the fair value at the time of award for the various programs are displayed in table 5 below.

MATCHING SHARES

Before commencement of service, the members of the Executive Board may be invited to make an investment at his/her own cost of a number of shares in the Company. If such an investment is made, the Company shall grant such member of the Executive Board a number of matching shares corresponding to 1.5 times the investment. Such matching shares will vest by the end of a 3-year period. The grant of matching shares is subject to the continued employment of the Executive Board member with the Company 36 months after the commencement date.

At present, there are no outstanding matching shares for any member of the Executive Board.

EXECUTIVE BOARD REMUNERATION OVERVIEW

The remuneration policy states the following levels for the various remuneration components:

- **Fixed base salary:** At expected achievement levels for the performance criteria (KPIs), the fixed base salary is expected to amount to between 46% and 60% of the total remuneration.
- **Pension contributions:** May amount to up to 10% of the total remuneration.
- **Other customary benefits:** May amount to up to 6% of the total remuneration.

- **Short-term cash-based bonuses:** May allow the Executive Board member to receive a performance bonus of up to 50% of the Executive Board members' gross annual salary calculated before any bonus payments.
- **Long-term share-based bonuses:** The total value of RSUs and Accelerated RSUs may allow the Executive Board member to receive long-term share-based bonuses of up to 100% of the Executive Board members' gross annual salary calculated before any bonus payments.

- **Aggregate of short-term cash-based and long-term share-based bonuses:** In addition to the limits stated above, the total value of cash- and share-based bonuses cannot exceed 110% of the Executive Board Member's gross annual salary before any bonus payments.

According to table 2 none of the above levels have been exceeded in 2019/20 and the actual remuneration is thus in compliance with the remuneration policy.

TABLE 2: REMUNERATION 2019/20, EXECUTIVE BOARD (DKK '000)

Name and position	Fixed remuneration			Variable remuneration				Total remuneration	Share of fixed remuneration	Share of variable remuneration
	Fixed base salary	Pension contributions	Other benefits	Short-term cash-based bonus (earned)	Long-term share-based bonus (awarded) ¹⁾	Accelerated Long-term share-based bonus (awarded) ¹⁾	Matching shares (awarded)			
Peter Røpke, CEO	3,395	18	157	175	1,400	1,750	0	6,895	52%	48%
Morten Axel Petersen, CFO	1,440	115	119	90	360	360	0	2,484	67%	33%
Total	4,835	133	276	265	1,760	2,110	0	9,378	56%	44%

¹⁾ Measured at fair value (Black-Scholes calculation) of the RSUs at the time of award

TABLE 3: PERFORMANCE CRITERIA (KPIs) FOR SHORT-TERM CASH BONUS 2019/20

Name and position	Description of KPI	Relative weight of KPI	KPI performance threshold	Actual award (DKK '000)
Peter Røpke, CEO	Realized Group revenue 19/20 vs. target	30%	Quantitative interval	175
	Realized Group EBITDA 19/20 vs. target	70%	Quantitative interval	
	Realized Group revenue 19/20 vs. target	20%	Quantitative interval	
Morten Axel Petersen, CFO	Realized Group EBITDA 19/20 vs. target	35%	Quantitative interval	90
	Discretionary board evaluation on financial and investor relation management	45%	Qualitative interval	

Note: A bonus qualifier related to the Group EBITDA level applies – i.e. if a minimum EBITDA level is not reached in the financial year then no bonus is earned regardless of performance on other KPIs. The bonus earned in 2019/20 corresponds to 25% of the maximum possible bonus at full achievement of all KPIs.

TABLE 4: LONG-TERM SHARE-BASED BONUS PROGRAMS

Name and position	Program	Performance period	Award timing	Vesting timing ¹⁾	No. of RSUs awarded	Est. outstanding value 30 Sep 2020 (DKK '000)	No. of shares vested	Value at time of vesting (DKK '000)
Peter Røpke, CEO	RSU IV	FY 2016/17 to Jan 2020	Jan 2017	Jan 2020	15,608	0	15,608	3,512
	RSU V	FY 2017/18 to Jan 2021	Jan 2018	Jan 2021	10,096	2,159	Not yet vested	Not yet vested
	RSU VI	FY 2018/19 to Jan 2022	Jan 2019	Jan 2022	7,132	1,386	Not yet vested	Not yet vested
	RSU VII	FY 2019/20 to Jan 2023	Feb 2020	Jan 2023	7,851	1,357	Not yet vested	Not yet vested
	Acc. RSU I	FY 2020/21 to Jan 2023	Feb 2020	Jan 2023	43,274	93	Not yet vested	Not yet vested
Morten Axel Petersen, CFO	RSU VI	FY 2018/19 to Jan 2022	Jan 2019	Jan 2022	2,567	499	Not yet vested	Not yet vested
	RSU VII	FY 2019/20 to Jan 2023	Feb 2020	Jan 2023	2,019	349	Not yet vested	Not yet vested
	Acc. RSU I	FY 2020/21 to Jan 2023	Feb 2020	Jan 2023	8,902	19	Not yet vested	Not yet vested

¹⁾ Subject to fulfilling vesting criteria

Note: For the valuation of “Estimated outstanding value at 30 Sep 2020” the share price as per that date has been used together with an estimated likelihood of vesting (fulfilling performance criteria for vesting) of 99% (RSU V), 90% (RSU VI), 80% (RSU VII) and 1% (Accelerated RSU I).

**TABLE 5: RSU FAIR VALUE CALCULATION AT THE TIME OF AWARD
(BLACK-SCHOLES VALUE CALCULATION)**

	RSU IV	RSU V	RSU VI	RSU VII	Acc. RSU I
Price per share (at award)	117.4	150.5	175.2	225.0	225.0
Vesting time (years)	3	3	3	3	3
Volatility	0.39	0.34	0.25	0.38	0.38
Expected dividend	1.70%	1.30%	1.13%	1.04%	1.04%
Risk-free interest rate	0.00%	-0.32%	-0.54%	-0.78%	-0.78%
Adjustment for likelihood of achievement (at award)	n/a	n/a	n/a	n/a	-77%
Fair value (Black-Scholes calculation) per RSU at award	64.07	99.04	140.20	178.33	40.44

TERMINATION

Employment agreements with members of the Executive Board are subject to a notice period of 6 to 12 months on the part of the company and 3 to 6 months on the part of the member of the Executive Board. Members of the Executive Board are entitled to salary in the notice period. No terminations related to the Executive Board have occurred in 2019/20.

CLAWBACK

All long-term share-based bonuses are subject to a usual clawback provision whereby the Board of Directors may demand that any bonus awarded to a member of the Executive Board shall be repaid in part or full if a long-term

share-based bonus has been awarded based on information which the Company is subsequently able to document as materially incorrect or if they were awarded as a result of fraud, manipulation of underlying data or material non-compliance with the accounting principles to which RTX is subject.

In 2019/20, there has been no basis for applying the clawback provision and thus no remuneration has been reclaimed.

Shareholdings of the Board of Directors and the Executive Board

TABLE 6: BOARD OF DIRECTORS AND EXECUTIVE BOARD HOLDINGS OF SHARES, RSUs AND ACCELERATED RSUs (NUMBER)

	Shares			RSUs			Accelerated RSUs		
	End of 2019/20	Beginning of 2019/20	Net change 2019/20	End of 2019/20	Beginning of 2019/20	Net change 2019/20	End of 2019/20	Beginning of 2019/20	Net change 2019/20
BOARD OF DIRECTORS									
Peter Thostrup; Chairman, Member of the Audit Committee	1,275	1,275	-	n/a	n/a	n/a	n/a	n/a	n/a
Jesper Mailind; Deputy Chairman, Member of the Audit Committee	3,837	2,256	1,581	n/a	n/a	n/a	n/a	n/a	n/a
Christian Engsted; Board Member, Chairman of the Audit Committee	750	750	-	n/a	n/a	n/a	n/a	n/a	n/a
Lars Christian Tofft; Board Member	632	632	-	n/a	n/a	n/a	n/a	n/a	n/a
Henrik Schimmell; Board Member	1,210	155	1,055	n/a	n/a	n/a	n/a	n/a	n/a
Flemming Vendbjerg Andersen; Board Member (Employee Repr.)	2,000	2,000	-	-	-	-	n/a	n/a	n/a
Kurt Heick Rasmussen; Board Member (Employee Repr.)	300	525	-225	750	750	-	n/a	n/a	n/a
Kevin Harritsø; Board Member (Employee Repr.)	-	-	-	-	-	-	n/a	n/a	n/a
EXECUTIVE BOARD									
Peter Røpke; CEO	-	10,238	-10,238	25,079	32,836	-7,757	43,274	-	43,274
Morten Axel Petersen; CFO	775	775	-	4,586	2,567	2,019	8,902	-	8,902

Note: Employee representatives on the Board of Directors may be included in a share-based remuneration programme – not because of their function in the Board of Directors but because of their regular job function and qualification profile.

Comparative Overview of Remuneration

TABLE 7 : COMPARISON OF REMUNERATION AND COMPANY PERFORMANCE

	2019/20
TOTAL REMUNERATION, BOARD OF DIRECTORS (DKK '000)	
Peter Thostrup ; Chairman, Member of the Audit Committee	600
Jesper Mailind ; Deputy Chairman, Member of the Audit Committee	400
Christian Engsted ; Board Member, Chairman of the Audit Committee	350
Lars Christian Tofft ; Board Member	200
Henrik Schimmell ; Board Member	200
Flemming Vendbjerg Andersen ; Board Member (Employee Repr.)	200
Kurt Heick Rasmussen ; Board Member (Employee Repr.)	200
Kevin Harritsø ; Board Member (Employee Repr.)	200
TOTAL REMUNERATION, EXECUTIVE BOARD (DKK '000)	
Peter Røpke ; CEO	6,895
Morten Axel Petersen ; CFO	2,484
Average FTE remuneration in RTX A/S (excl. Executive Board) (DKK '000)	711
RTX FINANCIAL PERFORMANCE (DKK '000)	
Revenue	555,869
EBITDA	108,158
EBIT	83,571
Profit for the year (after tax)	63,146
RTX share price, year-end (price per share)	216.0

The remuneration policy states that the relationship between the remuneration of the members of the Executive Board and the average remuneration per FTE in RTX A/S cannot exceed a maximum of 15 times. According to table 6 the guidelines hereon in the remuneration policy have been met in the financial year. As allowed under the applicable guidance from the Danish Business Authority from November 2019, comparative historic information will be established over each of the following financial years.

Compliance with the Remuneration Policy

The remuneration of the Board of Directors and the Executive Board for the 2019/20 financial year complies with the framework and guidelines provided by the remuneration policy. There has been no deviation or derogation from the remuneration policy.



Statement by the Board of Directors

The Board of Directors has today considered and approved the remuneration report of RTX A/S for the financial year 1 October 2019 – 30 September 2020.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act.

In our opinion, the remuneration report is in accordance with the remuneration policy adopted at the Annual General Meeting, and is free from material misstatement and omissions, whether due to fraud or error.

The remuneration report will be presented for an advisory vote at the Annual General Meeting.

Noerresundby, 24 November 2020

BOARD OF DIRECTORS

PETER THOSTRUP
Chairman of the Board

JESPER MAILIND
Deputy Chairman

CHRISTIAN ENGSTED

LARS CHRISTIAN TOFFT

HENRIK SCHIMMELL

KURT HEICK RASMUSSEN
Employee Representative

FLEMMING VENDBJERG ANDERSEN
Employee Representative

KEVIN HARRITSØ
Employee Representative

Report by the Independent Auditor

TO THE SHAREHOLDERS OF RTX A/S

We have examined whether Management has fulfilled its obligations to disclose the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report for 2019/20.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the remuneration report in accordance with section 139b of the Danish Companies Act and the remuneration policy adopted at the Annual General Meeting.

AUDITOR'S RESPONSIBILITY

It is our responsibility to express a conclusion on whether Management has fulfilled its obligations to disclose the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report.

We have conducted our examinations in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit regulation to obtain reasonable assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and,

accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR - Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our examinations included an examination of whether the remuneration report, to the extent relevant, includes the disclosures required by section 139b(3), items 1-6, of the Danish Companies Act for the remuneration of each member of Management.

Our examinations have not included an examination of accuracy and completeness of the disclosures, and we do not express any conclusion on this.

CONCLUSION

It is our opinion that Management has fulfilled its obligations to disclose, in all material respects, the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report for 2019/20.

Aarhus, 24 November 2020

DELOITTE

Statsautoriseret Revisionspartnerselskab
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