

Announcement

To the Copenhagen Stock Exchange and the press

Noerresundby, Denmark, 7 December 2004
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Summary of the annual report for 2003/04

Summary: The Group's net turnover amounts to DKK 222.0 million and EBIT amounts to DKK -30.7 million. The figures correspond with the announced expectations from September 2004. The Group's investments in own development projects will still be significant in 2004/05 and the projects are expected as a whole to burden the profit and loss account. The Group expects to realise a net turnover of DKK 270-310 million and an EBIT in the interval a negative DKK 10 million to a positive DKK 10 million in 2004/05.

Today, the Supervisory Board has adopted the annual report of RTX Telecom A/S for the financial year 2003/04 ended 30 September 2004.

Summary of the annual report for 2003/04 for the RTX Telecom Group

- Net turnover amounts to DKK 222.0 million compared to DKK 178.9 million last year.
- Profit/loss before financial income and expenses (EBIT) amounts to a negative DKK 30.7 million compared to a negative DKK 12.1 million last year.
- Profit/loss before financial income and expenses (EBIT) is affected positively with approx. DKK 23.5 million net concerning compensation etc. from lawsuit and is affected negatively by write-down of goodwill with DKK 8.7 million.
- The profit/loss after tax amounts to a negative DKK 17.3 million compared to a negative DKK 3.5 million in 2002/03.
- RTX Telecom has entered into an agreement with a large international group on development of a dedicated wireless product within the 2.4GHz ISM band.
- In the financial year 2004/05 the Group will continue to invest a considerable amount in development of own products. The investment is expected to burden the profit and loss account in all essentials.
- The management expects a net turnover of DKK 270 - 310 million and a profit/loss before financial income and expenses (EBIT) in the interval a negative DKK 10 million to a positive DKK 10 million for the financial year 2004/05.

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During the financial year 2003/04, considerable resources were invested in own development, in this process development of wireless niche products for own account has been an area which has had high priority in the Group during the entire financial year. The development efforts within wireless products have burdened the profit and loss account of 2003/04, however, in return the revenue basis from these products is expected to be strengthened in the following financial years as a result of these efforts.

Prospects

During the last financial year, RTX Telecom has focused significantly on reducing the Group's dependence on customer-based development projects. The Group's strategy is to extend the programme for own products in order to supplement the Group's earnings from customer-based development projects and royalty with earnings from own developed wireless niche products. At the same time, the new products can lead the way for customers if the product ideas prove to be sustainable. The development has already confirmed that new knowledge obtained through development of own products can be used to increase RTX Telecom's competitiveness within customer-financed development contracts. In the financial year 2004/05, the Group will mainly focus on maintaining the position within already established technologies as well as within the VoIP technology.

The Group intends also in the coming financial year to use considerable resources to extend the programme for own products. During the financial year 2004/05, RTX Telecom therefore expects to introduce new own products to the market. For instance, the Group shows significant sales efforts in order to introduce modified TLE units to new markets, in particular in Europe and North America. Furthermore, important product development of GSM modules for installation in telephone systems, systems for monitoring and alarms etc. is performed at the Group's own account simultaneously with more innovative VoIP-products being on the way. Some of these products are not expected to contribute materially to turnover and earnings in the financial year 2004/05.

Based on this, the Group's turnover from selected OEM and ODM products etc. within the niche areas is expected to be at a higher level than realised during the financial year 2003/04. The majority of turnover within this business area is expected to comprise DECT repeaters, Bluetooth™ RF testers, wireless telephone line extenders (TLE) and the new USB/PSTN wireless DUALphone, which is introduced at the beginning of the financial year 2004/05.

As an overall view, the financial year 2004/05 is expected to be characterised by a continued uncertainty in the market for development projects, royalty income at the same level as in 2003/04 and a turnover from OEM and ODM products, etc. at a higher level than in the last financial year. The Group's investments in own development projects will still be significant in the financial year 2004/05 and the development projects are expected as a whole to burden the profit and loss account. The mentioned projects are not expected to generate material turnover until at the earliest in the financial year 2005/06.

Based on this, the management expects that, during the financial year 2004/05, the RTX Telecom Group will realise a net turnover of DKK 270 - 310 million and a profit/loss before financial income and expenses (EBIT) in the interval a negative DKK 10 million to a positive DKK 10 million. The above-mentioned expectations express a significant increase in the level of as well net turnover as EBIT compared to the realised level in 2003/04.

In general

The Company's annual report for 2003/04 will be sent separately to the Copenhagen Stock Exchange in continuation of this announcement. Please see annual report for more details.

Meeting for financial analysts and the press

At 9.00 on 8 December 2004, RTX Telecom will hold a meeting for financial analysts and the press at HSH Gudme, Kalvebod Brygge 39-41, DK-1560 Copenhagen K. At this meeting, the management will comment on the annual report for 2003/04 for the Group and the management's expectations for the financial year 2004/05.

Annual general meeting

The Company's annual general meeting will be held on 24 January 2005 at 16.00 at RTX Telecom, Stroemmen 6, DK-9400 Noerresundby.

The printed annual report is expected to be available at the beginning of January 2005.

Questions and further information

Please contact managing director Jorgen Elbaek, tel. +45 96 32 23 00.

Yours sincerely,

Poul Lind
Chairman of the Board

Jorgen Elbaek
Managing Director

This announcement includes statements on expectations for the Group's future financial position. These statements might be influenced by risk and uncertainty factors, and consequently the actual development might be different from the expectations indicated. These risk factors include a number of factors such as general business and financial conditions, dependence on cooperators and exchange rate and interest rate fluctuations etc. Risk and uncertainty factors are further described in the annual report for 2003/04.