

## INTERIM REPORT FOR Q1 2019/20

(the period 01.10.2019 - 31.12.2019)

### ANNOUNCEMENT

to Nasdaq Copenhagen A/S and the media  
Nørresundby, 23 January 2020  
Announcement no. 06/2020  
No. of pages: 14



# Continued Revenue Growth and Significant Earnings Growth in RTX Q1

*"In general, I am satisfied with the first quarter of our financial year 2019/20 which developed according to plan. With 10% revenue growth and doubling of EBITDA in Q1 2019/20, RTX continues to develop positively and we maintain our full-year expectations. Q1 witnessed the continued implementation of our strategy to achieve profitable growth. We managed the continued ramp-up under newer framework agreements and we further continued the execution of development activities related to renewal of existing agreements as well as related to framework agreements announced in Q4 2018/19."*

Peter Røpke, CEO

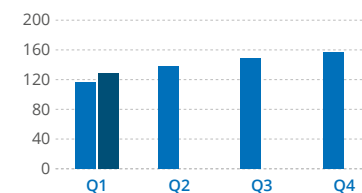
## SUMMARY Q1 2019/20 FOR THE RTX GROUP

- **Highlights:** Best first quarter ever with growth in both revenues and earnings. Revenue up by 10% to DKK 128.3 million driven by continued growth in the Enterprise segment within Business Communications. EBITDA increased by 102% to DKK 21.4 million and EBIT increased by 109% to DKK 16.3 million. Growth strategy implementation continues according to plan. 2019/20 financial outlook maintained.
- **Net revenue** increased by 10.2% to DKK 128.3 million in Q1 2019/20 (Q1 2018/19: DKK 116.4 million) driven by continued organic growth in Business Communications:
  - **Business Communications:** Revenue grew 15.8% to DKK 89.5 million especially driven by the execution of its growth strategy within the Enterprise segment through large framework agreements. The two major framework agreements announced in 2017/18 contribute significantly to the growth, however quarter-on-quarter fluctuations are to be expected in the ramp-up phase of such agreements. The new major framework agreement announced at the end of Q4 2018/19 is in the development phase prior to product sales with negligible impact on revenues and will continue in the development phase in 2019/20.
  - **Design Services:** Revenue decreased by 0.9% to DKK 38.8 million. While recurring revenues from product sales and royalties increased slightly in line with the strategy to increase resource scalability within Design Services, revenues from engineering services (hourly-based engineering) decreased slightly compared to last year as the development activities in the division focus increasingly on generating recurring revenues instead of executing pure engineering projects.

FX corrected revenue growth amounted to 7.3% as revenue compared to Q1 last year was positively impacted by the USD exchange rate development.

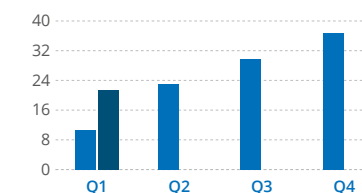
### REVENUE PER QUARTER

Million DKK



### EBITDA PER QUARTER

Million DKK



### EBIT PER QUARTER

Million DKK



■ 2018/19 ■ 2019/20



- **Gross profit** increased by 13.2% to DKK 75.5 million in Q1 2019/20 (Q1 2018/19: DKK 66.7 million). The gross margin increased by 1.6%-points to 58.9% (Q1 2018/19: 57.3%).
- **Operating performance** improved with **EBITDA** increasing by 101.8% to DKK 21.4 million in Q1 2019/20 (Q1 2018/19: DKK 10.6 million). **EBIT** increased by 109.2% to DKK 16.3 million in Q1 2019/20 (Q1 2018/19: DKK 7.8 million). EBITDA and EBIT are impacted by the growth in revenue and gross profit as well as by increasing capacity costs related to ramp-up of activities and investments in capacity related to the major framework agreements announced over the last years. Thus, the average number of FTEs reached 291 in Q1 2019/20 compared to 267 in Q1 2018/19. Earnings in Q1 are positively impacted compared to last year as last year included one-time costs related to exploration of further acceleration of growth – and there was no recurrence of such costs in 2019/20. Finally, EBITDA and EBIT are impacted by implementation of IFRS 16 regarding capitalization of leasing costs, which increases EBITDA (and to a minor degree EBIT).
- **Cash flows from operating activities** (CFFO) amounted to DKK 6.5 million in Q1 2019/20 compared to DKK 12.9 million in Q1 2018/19 impacted by earnings growth, working capital fluctuations and tax payments in Q1 of 2019/20.

## OUTLOOK FOR 2019/20

- Management maintains the expectations for revenue between DKK 620-650 million, EBITDA between DKK 105-120 million and EBIT between DKK 75-90 million for the financial year 2019/20. As stated in the annual report for 2018/19, it is expected that the revenue distribution over 2019/20 will be relatively backloaded.

## NEW SHARE BUY-BACK PROGRAMME INITIATED AS ANNOUNCED

- As announced in company announcement 6/1/2019, RTX has initiated a new share buy-back programme for an amount up to DKK 20 million. The programme is being executed during the period 1 January 2020 to 30 June 2020.

RTX A/S

**PETER THOSTRUP**  
Chairman

**PETER RØPKE**  
CEO

### ENQUIRIES AND FURTHER INFORMATION:

CEO, Peter Røpke, tel +45 96 32 23 00  
CFO, Morten Axel Petersen, tel +45 96 32 23 00

### APPENDICES

Interim report for Q1 2019/20 for the Group comprising:

- Group financial highlights and key ratios
- Management report
- Management's statement
- Income statement
- Statement of comprehensive income
- Balance sheet
- Equity statement
- Cash flow statement
- Notes

### INVESTOR AND ANALYST MEETING

On Friday, 24 January 2020 at 9.00 am, RTX will hold a meeting for investors and analysts at

ABG Sundal Collier,  
Forbindelsesvej 12,  
2100 Copenhagen.

At this meeting, the Company's management will comment on the interim report for the first quarter of 2019/20.

To register for the meeting, please email [invitations@abgsc.dk](mailto:invitations@abgsc.dk).

# Group Financial Highlights and Key Ratios

(non-audited)

Amounts in DKK million	Q1 2019/20	Q1 2018/19	FY 2018/19
<b>INCOME STATEMENT ITEMS</b>			
Revenue	128.3	116.4	560.3
Gross profit	75.5	66.7	316.9
EBITDA	21.4	10.6	100.2
EBITDA %	16.7%	9.1%	17.9%
Operating profit/loss (EBIT)	16.3	7.8	86.7
Net financials	-2.8	0.7	4.6
Profit/loss before tax (EBT)	13.5	8.5	91.3
Profit/loss for the period	10.6	6.5	71.4
<b>BALANCE SHEET ITEMS</b>			
Cash and current asset investments	208.3	190.4	226.7
Total assets	483.9	410.4	463.3
Equity	344.8	321.0	347.4
Liabilities	139.1	89.3	115.8
<b>OTHER KEY FIGURES</b>			
Development costs (own) before capitalization	12.3	8.7	39.0
Capitalized development costs	6.9	4.0	16.8
Depreciation and amortization	5.1	2.8	13.5
Cash flow from operations	6.5	12.9	107.7
Cash flow from investments <sup>1)</sup>	-9.7	-5.4	-52.4
Investments in property, plant and equipment	2.7	0.9	5.4
Increase/decrease in cash and cash equivalents <sup>1)</sup>	-17.2	7.5	10.9

Amounts in DKK million	Q1 2019/20	Q1 2018/19	FY 2018/19
<b>KEY RATIOS</b>			
Growth in net turnover (percentage)	10.2	15.4	17.9
Profit margin (percentage)	12.7	6.7	15.5
Return on invested capital (percentage) <sup>2)</sup>	70.6	66.0	75.1
Return on equity (percentage) <sup>2)</sup>	22.6	19.2	21.6
Equity ratio (percentage)	71.2	78.2	75.0
<b>EMPLOYMENT</b>			
Average number of full-time employees	291	267	277
Hereof average number employed directly	264	245	253
Revenue per employee (DKK '000) <sup>3)</sup>	441	436	2,023
Operating profit per employee (DKK '000) <sup>3)</sup>	56	29	313
<b>SHARES</b>			
Average number of shares in distribution ('000)	8,430	8,568	8,545
Average number of diluted shares ('000)	8,507	8,678	8,633
<b>SHARE DATA. DKK PER SHARE AT DKK 5</b>			
Profit/loss for the period (EPS), per share <sup>3)</sup>	1.3	0.8	8.4
Profit/loss for the period, diluted (DEPS), per share <sup>3)</sup>	1.2	0.8	8.3
Dividends, per share (DKK)	-	-	2.5
Equity value, per share	41.0	37.5	41.0
Listed price, per share	183.0	162.0	164.0

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

Definitions of the key ratios used are stated in the annual report for 2018/19 in the accounting policies. Figures prior to 2019/20 have not been restated to reflect new accounting policy, IFRS 16, implemented for 2019/20.

<sup>1)</sup> Including acquisition of current securities in the trading portfolio.

<sup>2)</sup> Calculated over a 12 months' period.

<sup>3)</sup> Not annualized.

# Management Report

The Board of Directors of RTX A/S has today considered and adopted the Group's interim report for the first quarter of 2019/20 (covering the period 1 October to 31 December 2019). Comments on developments for the first quarter (Q1) of the 2019/20 financial year follow below.

## SALES AND STRATEGIC DEVELOPMENTS

The RTX Group realized **revenue** of DKK 128.3 million in Q1 2019/20 corresponding to an increase of 10.2% (Q1 2018/19: DKK 116.4 million). Corrected for exchange rate effects the increase equals 7.3% compared to last year. The Q1 revenue growth was primarily driven by increased sales within the Enterprise segment in Business Communications.

**Business Communications** secured revenue growth of 15.8% in Q1 2019/20, reaching DKK 89.5 million (Q1 2018/19: DKK 77.3 million). Corrected for exchange rate effects the growth was 12.2%. The growth reflects increasing sales of handsets, base stations, headsets etc. to leading international customers within the **Enterprise** segment through framework agreements.

During the quarter, the unit continued the development activities for renewal of product ranges under renewed large older framework agreements. Also, management of the ramp-up phase of sales under newer framework agreements announced during 2017/18 continued. These agreements contributed significantly to the growth, however, they are characterized by quarter-on-quarter fluctuations during the ramp-up phase. Further, development activities related to the newest framework agreement (announced at

the end of 2018/19) were initiated. Finally, development of own financed product ranges – including wireless headsets models and location beacons – continued in the quarter. The development of further product variants and features within wireless headsets create significant customer interest within the Enterprise segment.

In Q1 2019/20, **Design Services** posted revenue of DKK 38.8 million, a decrease of 0.9% (Q1 2018/19: DKK 39.2 million). Corrected for exchange rate effects the decrease was 2.4%. In line with the strategy to increase recurring revenue to increase resource scalability within Design Services, aggregate revenues from product sales and royalties increased slightly during the quarter. However, revenues from engineering services (hourly-based engineering) decreased slightly as the development activities focus increasingly on generating recurring revenues instead of executing pure engineering projects.

During the quarter, development activities commenced under the larger framework agreement announced at the end of 2018/19 regarding product development for a large international player in the **ProAudio** segment based on RTX's conference platform. Additionally, development activities continued to take over the full supply chain and delivery for a full product for RTX's main customer within the **Healthcare** segment. Longer term, these are important stepping stones in the productization strategy within Design Services. Also, RTX contracted with a further license/royalty customer using RTX's low latency gaming platform during the quarter. The unit continued product development activities refining the unique Sheersound™ and Sheerlink™ platforms providing RTX's current and future product customers within ProAudio with strong wireless performance as well as significantly shorter time to market and lower cost of entry for wireless solutions.

## FINANCIAL DEVELOPMENT

DKK million	Q1 19/20	Q1 18/19	Change (%)
<b>Group revenue</b>	<b>128.3</b>	<b>116.4</b>	<b>10.2%</b>
BC <sup>1)</sup> revenue	89.5	77.3	15.8%
DS <sup>2)</sup> revenue	38.8	39.2	-0.9%
<b>EBITDA</b>	<b>21.4</b>	<b>10.6</b>	<b>101.8%</b>
<b>EBIT</b>	<b>16.3</b>	<b>7.8</b>	<b>109.2%</b>
<b>CFFO<sup>3)</sup></b>	<b>6.5</b>	<b>12.9</b>	<b>-49.9%</b>

<sup>1)</sup> Business Communications

<sup>2)</sup> Design Services

<sup>3)</sup> Cash flow from operations



## COSTS AND EARNINGS

The **gross profit** of the Group increased by 13.2% to DKK 75.5 million in Q1 2019/20 (Q1 2018/19: DKK 66.7 million) driven by the increased revenue level. Aided by the revenue mix and solid supply chain performance, the gross margin increased by 1.6%-points to 58.9% (Q1 2018/19: 57.3%).

**Capacity costs** in Q1 amounted to DKK 61.0 million (before capitalization of development costs) compared to DKK 60.1 million in the same period last year. The capacity cost level is increased due to the ramp-up of activities and investments in capacity related to the major framework agreements announced over the last years. Reflecting this, the average number of FTEs increased to 291 in Q1 2019/20 (Q1 2018/19: 267). On the other hand, the capacity cost level decreased compared to last year, as last year included one-time costs related to exploration of further acceleration of growth – and there was no recurrence of such costs in 2019/20. Finally, capacity costs are impacted by implementation of IFRS 16 regarding capitalization of leasing costs, which decreases capacity costs (other external costs) while increasing depreciations and interest costs (refer to note 1).

As described above for both business units, RTX continued to fund development activities of wireless headsets, beacons, ProAudio product solutions etc. during the quarter. Therefore, the Group **capitalized development costs** of DKK 6.9 million in Q1 2019/20 (Q1 2018/19: DKK 4.0 million).

Operating performance before depreciations and amortizations (**EBITDA**) improved by 101.8% to DKK 21.4 million in Q1 2019/20 (Q1 2018/19: DKK 10.6 million). The EBITDA margin in Q1 reached 16.7% (Q1 2018/19: 9.1%). Besides the growth and operational improvements, the increase in EBITDA is aided by implementation of IFRS 16 (capitalization of leasing costs).

**Depreciations and amortizations** increased to DKK 5.1 million in Q1 2019/20 (Q1 2018/19: DKK 2.8 million) with the development primarily caused by amortization of further own financed development projects and by increasing depreciations due to implementation of IFRS 16.

Operating profit (**EBIT**) increased to DKK 16.3 million in Q1 2019/20 (Q1 2018/19: DKK 7.8 million), an increase of 109.2% impacted by increased EBITDA and increased depreciations and amortizations. EBIT is only impacted by IFRS 16 implementation to a limited degree.

**Net financial items** amounted to DKK -2.8 million (Q1 2018/19: DKK 0.7 million). Financial items are negatively impacted by exchange rate adjustments of balance sheet items during the quarter, by adjustments to the value of investments in the trading portfolio to fair value at the balance sheet date and by the implementation of IFRS 16. Financial items are, to a minor degree, positively impacted by currency (USD) hedging under which the Group during the quarter has hedged part of the expected USD net cash inflow from operations over the coming quarters. These hedging arrangements have a net positive value at the end of Q1.

**Profit before tax** for Q1 of 2019/20 amounted to DKK 13.5 million (Q1 2018/19: DKK 8.5 million). **Profit after tax** amounted to DKK 10.6 million in Q1 of 2019/20 (Q1 2018/19: DKK 6.5 million). Profit before and after tax are marginally negatively impacted by the IFRS 16 implementation. Quarterly earnings per share (EPS) were DKK 1.3 in Q1 2019/20 compared to DKK 0.8 in Q1 2018/19.

## FINANCIAL CALENDAR

Expected publication of financial information for the financial year 2019/20:

### 28 APRIL 2020

Interim report for Q2 2019/20

### 25 AUGUST 2020

Interim report for Q3 2019/20

### 24 NOVEMBER 2020

Annual report for 2019/20

## EQUITY, ASSETS AND CASH FLOW

At the end of the first quarter of 2019/20, the Group's equity ratio amounted to 71.2% (Q1 2018/19: 78.2%). The **equity ratio** has increased with the profits generated and decreased with distribution of dividends and share buy-backs. Moreover, the ratio has decreased due to the implementation of IFRS 16 which has increased tangible assets (primarily leased real estate) and calculated debt from capitalized leasing costs. The **total assets** were DKK 483.9 million at the end of the first quarter in 2019/20 (Q1 2018/19: DKK 410.4 million) with the increase to a large degree caused by the implementation of IFRS 16.

In Q1 2019/20, the Group continued to realize positive **cash flow from operations (CFFO)** of DKK 6.5 million (Q1 2018/19: DKK 12.9 million) positively impacted by the earnings growth and negatively impacted by point-in-time working capital fluctuations and by tax payments in Q1 2019/20.

The Group's **total cash funds and current securities less bank debt** amounted to DKK 208.3 million at the end of Q1 2019/20 (Q1 2018/19: DKK 190.4 million). The level is positively impacted by cash generated by operations and negatively impacted by distribution to shareholders via dividends and share buy-back programs. At the end of the quarter, RTX completed the share buy-back program announced in company announcement 31/2019. Under the concluded share buy-back program, RTX A/S acquired a total of 121,117 shares for a total value of DKK 20.0 million (as announced in company announcement 01/20). Hereof 76,367 shares for a total value of DKK 12.6 million were acquired during Q1 2019/20 (Q1 2018/19: DKK 0). At the end of Q1 2019/20, RTX A/S held 542,243 treasury shares of a nominal value of DKK 5.

## OUTLOOK FOR 2019/20

Management maintains the expectations for revenue between DKK 620-650 million, EBITDA between DKK 105-120 million and EBIT between DKK 75-90 million for the financial year 2019/20. The outlook is based on implementation of IFRS 16. As stated in the annual report for 2018/19, it is expected that the revenue distribution over 2019/20 will be relatively backloaded.

## NEW SHARE BUY-BACK PROGRAMME INITIATED AS ANNOUNCED

As announced in company announcement 61/2019, RTX has initiated a new share buy-back program for an amount up to DKK 20 million. The program is being executed during the period 1 January to 30 June 2020. The share buy-back program is executed in compliance with EU Market Abuse Regulation, EU Regulation no. 596/2014 of 16 April 2014 and EU Delegated Regulation 2016/1052 of 8 March 2016 (together referred to as the "Safe Harbour Regulation"). The purpose of the share buy-back program is a continued adjustment of RTX's capital structure and to meet the obligations arising from employee share-based remuneration program or other allocations of shares to employees of RTX.

## PROPOSED SHARE CAPITAL REDUCTION

As further specified in company announcement 75/2019, the Board of Directors has proposed to the Annual General Meeting that the Company's share capital is reduced with a nominal amount of DKK 1,500,000 from DKK 44,714,190 to DKK 43,214,190 by annulment of 300,000 treasury shares of nominal DKK 5 each acquired by the Company through share buy-back programs. The proposed share capital reduction will be considered at the Annual General Meeting on 23 January 2020.

## RISKS AND UNCERTAINTIES FOR THE 2019/20 FINANCIAL YEAR

### STATEMENTS ON FUTURE CONDITIONS

The above statements on the Group's future conditions, including in particular, future revenue and operating profit (EBIT-DA and EBIT), reflect Management's current outlook and carry some uncertainty. These statements can be affected by a number of risks and uncertainties, which mean that actual developments can be different from the indicated outlook. These risks and uncertainties include - but are not limited to - general business and economic conditions, dependence on partners, the time of delivery of components, and foreign exchange and interest rate fluctuations.

# Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the interim report of RTX A/S for the first quarter of the financial year 2019/20 (covering the period 1 October to 31 December 2019).

The interim report is prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies. The interim report has not been audited or reviewed by the Company's auditor.

We consider the applied accounting policies appropriate for the interim report to provide, in our opinion, a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2019 and of its financial performance and cash flow for the first quarter of 2019/20.

We consider Management's review to give a true and fair view of the Group's activities and finances, profit/loss for the period and the Group's financial position as a whole, as well as a true and fair description of the most material risks and uncertainties facing the Group.

Nørresundby, 23 January 2020

## Executive Board

Peter Røpke  
CEO

Morten Axel Petersen  
CFO

## Board of Directors

Peter Thostrup  
Chairman

Jesper Mailind  
Deputy Chairman

Christian Engsted

Lars Christian Tofft

Henrik Schimmell

Kevin Harritsø  
Employee representative

Flemming Vendbjerg Andersen  
Employee representative

Kurt Heick Rasmussen  
Employee representative

# Income Statement

(non-audited)

Amounts in DKK '000	Note	Q1 2019/20	Q1 2018/19	FY 2018/19
Revenue	3	128,282	116,433	560,273
Value of work transferred to assets	4	6,855	3,970	16,777
Costs of sales		-52,763	-49,691	-243,403
Other external expenses		-14,361	-16,730	-61,107
Staff costs		-46,621	-43,380	-172,322
<b>Operating profit/loss before depreciation and amortization (EBITDA)</b>		<b>21,392</b>	<b>10,602</b>	<b>100,218</b>
Depreciation and amortization	4	-5,099	-2,812	-13,495
<b>Operating profit/loss (EBIT)</b>		<b>16,293</b>	<b>7,790</b>	<b>86,723</b>
Financial income	5	1,120	1,098	5,144
Financial expenses	5	-3,882	-409	-520
<b>Profit/loss before tax</b>		<b>13,531</b>	<b>8,479</b>	<b>91,347</b>
Tax on profit/loss for the period		-2,981	-1,934	-19,972
<b>Profit/loss for the period</b>		<b>10,550</b>	<b>6,545</b>	<b>71,375</b>
<b>Earnings per share (EPS)</b>				
Earnings per share (DKK)		1.3	0.8	8.4
Earnings per share, diluted (DKK)		1.2	0.8	8.3

# Statement of Comprehensive Income

(non-audited)

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
<b>Profit/loss for the period</b>	<b>10,550</b>	<b>6,545</b>	<b>71,375</b>
Items that can be reclassified subsequently to the income statement			
Exchange rate adjustments of foreign subsidiaries	-702	347	1,875
Fair value adjustment relating to hedging instruments	228	-	-
Tax on items that will be reclassified	-50	-	-
<b>Other comprehensive income, net of tax</b>	<b>-524</b>	<b>347</b>	<b>1,875</b>
<b>Comprehensive income for the period</b>	<b>10,026</b>	<b>6,892</b>	<b>73,250</b>



# Balance Sheet

(non-audited)

Amounts in DKK '000	31.12.19	31.12.18	30.09.19
<b>ASSETS</b>			
Own completed development projects	19,028	10,033	15,681
Own development projects in progress	27,656	26,250	26,865
Acquired license rights	791	1,846	1,055
Goodwill	7,797	7,797	7,797
<b>Intangible assets</b>	<b>55,272</b>	<b>45,926</b>	<b>51,398</b>
Right-of-use assets (lease assets)	39,505	-	-
Plant and machinery	8,653	9,090	7,892
Other fixtures, tools and equipment	4,065	2,679	3,391
Leasehold improvements	3,356	3,164	3,470
<b>Tangible assets</b>	<b>55,579</b>	<b>14,933</b>	<b>14,753</b>
Deposits	7,953	7,898	7,928
Deferred tax assets	1,646	5,276	1,644
<b>Other non-current assets</b>	<b>9,599</b>	<b>13,174</b>	<b>9,572</b>
<b>Non-current assets</b>	<b>120,450</b>	<b>74,033</b>	<b>75,723</b>
<b>Inventories</b>	<b>21,327</b>	<b>18,092</b>	<b>21,814</b>
Trade receivables	97,950	104,629	116,720
Contract development projects in progress	26,147	16,083	16,312
Other receivables	4,848	3,021	3,001
Prepaid expenses	4,862	4,158	3,005
<b>Receivables</b>	<b>133,807</b>	<b>127,891</b>	<b>139,038</b>
Current asset investments in the trading portfolio	152,437	120,873	153,149
<b>Current asset investments</b>	<b>152,437</b>	<b>120,873</b>	<b>153,149</b>
<b>Cash at bank and in hand</b>	<b>55,864</b>	<b>69,483</b>	<b>73,556</b>
<b>Total current assets</b>	<b>363,435</b>	<b>336,339</b>	<b>387,557</b>
<b>Total assets</b>	<b>483,885</b>	<b>410,372</b>	<b>463,280</b>

Amounts in DKK '000	31.12.19	31.12.18	30.09.19
<b>EQUITY AND LIABILITIES</b>			
Share capital	44,714	44,714	44,714
Share premium account	252,367	252,367	252,367
Retained earnings	47,681	23,968	50,359
<b>Equity</b>	<b>344,762</b>	<b>321,049</b>	<b>347,440</b>
Lease liabilities	36,315	-	-
Deferred tax liabilities	6,583	-	6,144
Provisions	1,305	905	1,305
<b>Non-current liabilities</b>	<b>44,203</b>	<b>905</b>	<b>7,449</b>
Lease liabilities	5,996	-	-
Prepayments received from customers	1,217	2,044	7,371
Trade payables	38,584	45,987	44,449
Contract development projects in progress	7,803	4,387	5,121
Income taxes	2,656	2,026	8,883
Provisions	1,309	1,115	1,441
Other payables	37,355	32,859	41,126
<b>Current liabilities</b>	<b>94,920</b>	<b>88,418</b>	<b>108,391</b>
<b>Total liabilities</b>	<b>139,123</b>	<b>89,323</b>	<b>115,840</b>
<b>Total equity and liabilities</b>	<b>483,885</b>	<b>410,372</b>	<b>463,280</b>

# Equity Statement

(non-audited)

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
<b>Equity at 1 October 2018</b>	44,714	252,367	14,918	311,999
Changes in accounting policies, IFRS 15	-	-	931	931
Tax on changes in accounting policies, IFRS 15	-	-	-205	-205
<b>Equity at October 1 2018 (restated)</b>	<b>44,714</b>	<b>252,367</b>	<b>15,644</b>	<b>312,725</b>
Profit/loss for the period	-	-	6,545	6,545
Exchange rate adjustments of foreign subsidiaries	-	-	347	347
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>347</b>	<b>347</b>
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6,892</b>	<b>6,892</b>
Share-based remuneration	-	-	1,592	1,592
Deferred tax on equity transactions	-	-	-160	-160
<b>Other transactions</b>	<b>-</b>	<b>-</b>	<b>1,432</b>	<b>1,432</b>
<b>Equity at 31 December 2018</b>	<b>44,714</b>	<b>252,367</b>	<b>23,968</b>	<b>321,049</b>

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
<b>Equity at 1 October 2019</b>	44,714	252,367	50,359	347,440
Changes in accounting policies, IFRS 16	-	-	-2,730	-2,730
Tax on changes in accounting policies, IFRS 16	-	-	578	578
<b>Equity at October 1 2019 (restated)</b>	<b>44,714</b>	<b>252,367</b>	<b>48,207</b>	<b>345,288</b>
Profit/loss for the period	-	-	10,550	10,550
Exchange rate adjustments of foreign subsidiaries	-	-	-702	-702
Fair value adjustment relating to hedging instruments	-	-	228	228
Tax on items that will be reclassified	-	-	-50	-50
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-524</b>	<b>-524</b>
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>10,026</b>	<b>10,026</b>
Share-based remuneration	-	-	1,455	1,455
Deferred tax on equity transactions	-	-	554	554
Acquisition of treasury shares	-	-	-12,561	-12,561
<b>Other transactions</b>	<b>-</b>	<b>-</b>	<b>-10,552</b>	<b>-10,552</b>
<b>Equity at 31 December 2019</b>	<b>44,714</b>	<b>252,367</b>	<b>47,681</b>	<b>344,762</b>

Share capital of DKK 44,714,190 consists of 8,942,838 shares at DKK 5. The Group holds 542,243 treasury shares at 31 December 2019 (374,849 shares at 31 December 2018). There are no shares carrying special rights.

# Cash Flow Statement

(non-audited)

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
Operating profit/loss (EBIT)	16,293	7,790	86,723
<b>Reversal of items with no effect on cash flow</b>			
Depreciation and amortization	5,099	2,812	13,495
Other items with no effect on cash flow	623	1,594	7,661
<b>Change in working capital</b>			
Change in inventories	247	4,572	35
Change in receivables	5,459	17,078	5,931
Change in trade payables etc.	-13,108	-21,637	-8,847
<b>Cash flow from operating activities</b>	<b>14,613</b>	<b>12,209</b>	<b>104,998</b>
Financial income received	1,120	616	5,188
Financial expenses paid	-1,572	712	-520
Income taxes paid	-7,689	-611	-2,012
<b>Cash flow from operations</b>	<b>6,472</b>	<b>12,926</b>	<b>107,654</b>
Investments in own development projects	-6,086	-3,970	-15,518
Acquisition of property, plant and equipment	-2,732	-949	-5,364
Deposits on leaseholds	-25	-150	-180
Acquisition and sale of current asset investments in trading portfolio	-844	-345	-31,379
<b>Cash flow from investments</b>	<b>-9,687</b>	<b>-5,414</b>	<b>-52,441</b>

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
Repayment of lease liabilities	-1,415	-	-
Acquisition of treasury shares	-12,561	-	-27,219
Paid dividend	-	-	-17,136
<b>Cash flow from financing activities</b>	<b>-13,976</b>	<b>-</b>	<b>-44,355</b>
Increase/decrease in cash and cash equivalents	-17,191	7,512	10,858
Exchange rate correction on cash	-501	-102	625
Cash and cash equivalents at the beginning of the period, net	73,556	62,073	62,073
<b>Cash and cash equivalents at the end of the period, net</b>	<b>55,864</b>	<b>69,483</b>	<b>73,556</b>
Cash and cash equivalents at the end of the period, net, are composed as follows:			
Cash at bank and in hand	55,864	69,483	73,556
<b>Cash and cash equivalents at the end of the period, net</b>	<b>55,864</b>	<b>69,483</b>	<b>73,556</b>

# Notes

## 1 ACCOUNTING POLICIES

The interim report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reporting of listed companies. An interim report has not been prepared for the Parent.

Except for the effects mentioned below, the accounting policies applied in this interim report are consistent with those applied in the Company's 2018/19 annual report. We refer to the 2018/19 annual report for a more detailed description of the accounting policies.

In Q1 2019/20 the Group has entered into commercial hedging transactions. The derivatives are measured at fair value at 31 December 2019 and fair value changes of derivatives which are classified as and qualifies for recognition as future cash flow hedges are recognized in other comprehensive income until the hedged transactions are realized. Fair value of other derivatives are recognized in the income statement.

### CHANGES IN ACCOUNTING POLICIES

IASB has published a number of new or amendments standards and interpretations effective for RTX A/S for the financial year 2019/20. Of these only IFRS 16 Leases has had material impact on the Group's financial statements.

### IFRS 16 - LEASES

Starting 1 October 2019 RTX implemented IFRS 16 – Leases. The standard has changed the accounting principles for leasing contracts. IFRS 16 requires all leasing contracts irrespective of type - with a few exceptions - to be included in the balance sheet of lessee as a right-of-use asset with an associated lease liability.

The income statement is affected as leasing costs are split into two elements - depreciations and interest expenses - as opposed to previously, where the costs for operational leasing were reported as other external expenses. Over time the impact on profit/loss will be neutral but frontloading of interest expenses result in a timing effect. The right-of-use assets are depreciated over the term of the leasing contracts.

Net cash flow remains unaffected, however implementing IFRS 16 affects the cash flow statement as lease payments are split into interests and repayment of lease liabilities.

RTX implemented the new standard using the modified retrospective approach with right-of-use assets measured as if IFRS 16 had been applied since the lease commencement date. The lease liabilities have been measured at the present value of the future lease payments discounted using an appropriate RTX incremental borrowing rate. The effect of transition has been recognized to the opening bal-

ance of retained earnings in equity. Comparative information has not been restated and is presented as in the annual report 2018/19 in accordance with the previous standard on leasing, IAS 17.

At implementation of IFRS 16, the following practical expedients have been applied:

- A single discount rate to has been applied to a portfolio of leases with reasonable similar characteristics
- Low value leases and leases with a lease term ending within 12 months of 1 October 2019 have not been recognized as a right-of-use asset and lease liability but expensed on a straight line basis.
- Initial direct costs have been excluded from the measurement of the right-of-use asset
- Hindsight has been used to determine the lease term for contracts containing options to extend or terminate the lease contract

When calculating the lease liability, future lease payments for the lease term is discounted using an appropriate RTX incremental borrowing rate. Service components separable from leasing components have been excluded from the future lease payments and extension or termination options have been included when determining the lease term if exercise of the options is considered reasonably certain.

In implementing IFRS 16 at 1 October 2019, RTX has recognized a right-of-use asset of DKK 40.8 million mainly relating to lease of premises (DKK 40.4 million) and an associated lease liability of DKK 43.5 million. Retained earnings in equity is reduced by DKK 2.1 million and deferred tax is reduced by DKK 0.6 million. The weighted average incremental borrowing rate applied to lease liabilities at implementation 1 October 2019 was 4.1%.

The difference between the operating lease commitments disclosed according to IAS 17 in the 2018/19 annual report and lease liabilities recognized according to IFRS 16 in the opening balance at 1 October 2019 is specified as follows:

Amounts in DKK '000	Opening balance
Operating lease commitments 30 September 2019 (IAS17)	34,306
Discounted using incremental borrowing rate at 1 October 2019	-8,286
Low-value and short term-leases	-290
Reasonable certain extension options included	17,813
<b>Lease liabilities recognized at 1 October 2019</b>	<b>43,543</b>

# Notes

## 1 ACCOUNTING POLICIES (CONTINUED)

Impact on Consolidated financial statements in Q1 2019/20 from implementing IFRS 16:

Amounts in DKK '000	Previous accounting policy	Impact of IFRS 16	New accounting policy
<b>INCOME STATEMENT</b>			
Other external expenses	-54,600	1,837	-52,763
EBITDA	19,555	1,837	21,392
Depreciation and amortization	-3,610	-1,489	-5,099
EBIT	15,945	348	16,293
Financial costs	-3,460	-422	-3,882
Tax	-3,000	19	-2,981
Profit/loss for the period	10,605	-55	10,550
<b>BALANCE SHEET</b>			
Right-of-use-assets (lease assets)	-	39,505	39,505
Retained earnings	49,890	-2,209	47,681
Lease liabilities	-	42,311	42,311
Deferred tax liabilities	7,180	-597	6,583
<b>CASH FLOW</b>			
Cash flow from operations	5,057	1,415	6,472
Cash flow from financing activities	-12,561	-1,415	-13,976
Net cash flow	-17,191	-	-17,191

## 2 ESTIMATES AND ASSUMPTIONS

The preparation of interim reports requires management to make financial estimates and assumptions that affect the application of accounting policy and recognised assets, obligations, income and expenses. Actual results might be different from these estimates.

Except for estimates applied when determining lease term related to IFRS 16 (refer to note 1), the material estimates that management make when applying the accounting principles of the Group and the material uncertainty connected with these estimates and assumptions are unchanged in the preparation of the interim report compared to the preparation of the annual report as per 30 September 2019.

## 3 SEGMENT INFORMATION

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
<b>Revenue, business segments</b>			
Business Communications	89,474	77,272	386,815
Design Services	38,808	39,161	173,458
<b>Group</b>	<b>128,282</b>	<b>116,433</b>	<b>560,273</b>
<b>EBITDA</b>			
Business Communications	20,394	12,667	84,738
Design Services	998	-2,065	15,480
<b>Group</b>	<b>21,392</b>	<b>10,602</b>	<b>100,218</b>
<b>EBIT</b>			
Business Communications	17,815	11,189	78,496
Design Services	-1,522	-3,399	8,227
<b>Group</b>	<b>16,293</b>	<b>7,790</b>	<b>86,723</b>

# Notes

## 3 SEGMENT INFORMATION (CONTINUED)

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
<b>Segment assets</b>			
Business Communications	169,376	136,704	159,888
Design Services	105,923	75,388	76,607
Non-allocated items	208,586	198,280	226,785
<b>Group</b>	<b>483,885</b>	<b>410,372</b>	<b>463,280</b>
<b>Revenue, geographical segments</b>			
Denmark	1,831	2,216	6,340
France	35,049	36,993	119,227
Netherlands	19,577	11,084	104,264
Germany	11,717	10,474	60,150
Other Europe	10,165	7,889	61,876
USA	23,425	25,994	116,338
Hong Kong	14,821	8,114	39,428
Other Asia and Pacific	10,737	11,803	44,704
Other	960	1,866	7,946
<b>Total</b>	<b>128,282</b>	<b>116,433</b>	<b>560,273</b>

As per the annual report, the Group and Parent balance sheets illustrate that the Group's assets are mainly owned by the Parent company in Denmark. The geographical split of the assets is thus mainly in Denmark. Revenue is broken down by geographical area according to customer location.

## 4 DEVELOPMENT COSTS

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
Own development cost incurred before capitalization	12,314	8,727	38,993
Value of work transferred to assets (capitalized)	-6,855	-3,970	-16,777
Total amortization and impairment losses on development projects	1,948	1,036	6,322
<b>Development costs recognized in the profit/loss account</b>	<b>7,407</b>	<b>5,793</b>	<b>28,538</b>

## 5 FINANCIAL ITEMS

Amounts in DKK '000	Q1 2019/20	Q1 2018/19	FY 2018/19
Exchange rate gains (net)	-	429	2,297
Fair value adjustments of investments in trading portfolio	-	-	1,242
Other financial income	1,120	669	1,605
<b>Financial income</b>	<b>1,120</b>	<b>1,098</b>	<b>5,144</b>
Exchange rate losses (net)	1,604	-	-
Fair value adjustments of investments in trading portfolio	1,556	258	-
Financing element, IFRS 16	422	-	-
Other financial costs	300	151	520
<b>Financial expenses</b>	<b>3,882</b>	<b>409</b>	<b>520</b>