

INTERIM REPORT FOR Q2 AND H1 2019/20

(the period 01.10.2019 - 31.03.2020)

ANNOUNCEMENT

to Nasdaq Copenhagen A/S and the media
Nørresundby, 28 April 2020
Announcement no. 30/2020
No. of pages: 15



COVID-19 in China postpones RTX Q2 revenue – outlook maintained

“Our Q2 was affected by deliveries moving from March and into our Q3 due to the temporary effects of the COVID-19 situation in China on our supply chain thereby postponing revenues from Q2 to Q3. With the COVID-19 situation now unfolding globally these are unprecedented times. I am impressed by the way in which our employees across the world are handling this situation with commitment to RTX and to our customers and with flexibility to find new ways of working. Coupled with the strong position of our customers and the resilience of RTX’s business model, the dedication of our employees is the basis for RTX being able to maintain our 2019/20 outlook at present. I acknowledge the fundamental uncertainty in the global business environment, and this may impact our financial year 2019/20, however, with the present visibility we are able to maintain our outlook for 2019/20.”

Peter Røpke, CEO

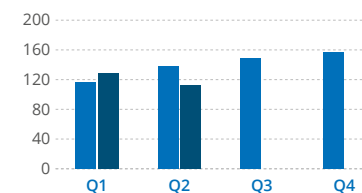
HIGHLIGHTS Q2 2019/20 FOR THE RTX GROUP

- **Net revenue** decreased by 18.3% to DKK 112.7 million in Q2 2019/20 (Q2 2018/19: DKK 137.9 million). The decline is primarily caused by the impact of the COVID-19 outbreak and countermeasures in China on RTX’s supply chain which has postponed revenue from Q2 into Q3 mainly in Business Communications.
- **Business Communications:** Revenue decreased by 14.8% to DKK 78.2 million. The decline is caused by the COVID-19 outbreak and countermeasures in China which postponed the opening of RTX’s suppliers (providers of electronic manufacturing services) in China after the Chinese New Year. This has postponed production and thus deliveries from March 2020 into RTX’s Q3 of 2019/20 leading to revenues also being postponed into Q3. The underlying business performed solidly in Q2, however, with quarter-on-quarter fluctuations during the ramp phase of the large framework agreement announced during 2017/18 impacting revenues from these large framework agreements in Q2.
- **Design Services:** Revenue decreased by 25.2% to DKK 34.5 million caused by lower revenues from engineering services (hourly-based engineering), partly due to delayed finalization of certain engineering projects for customers and partly as a result of the development activities in the division focusing increasingly on generating recurring revenues instead of executing pure engineering projects.

FX corrected revenue development amounted to a decrease of 20.2% as revenue compared to last year was positively impacted by the USD exchange rate development to a minor degree.

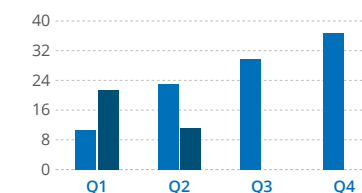
REVENUE PER QUARTER

Million DKK



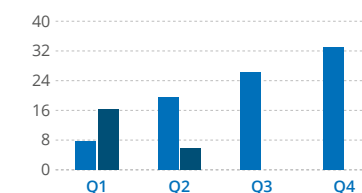
EBITDA PER QUARTER

Million DKK



EBIT PER QUARTER

Million DKK



■ 2018/19 ■ 2019/20

- **Gross profit** decreased by 15.4% to DKK 66.3 million in Q2 2019/20 (Q2 2018/19: DKK 78.3 million). The gross margin increased by 2.0%-points to 58.8% (Q2 2018/19: 56.8%) impacted by the revenue mix.
- **Operating performance** was impacted by the lower revenue with **EBITDA** reaching DKK 11.3 million in Q2 2019/20 (Q2 2018/19: DKK 23.1 million) and **EBIT** reaching DKK 5.7 million in Q2 2019/20 (Q2 2018/19: DKK 19.6 million). In addition, to the impact from the revenue development, EBITDA and EBIT are impacted by higher 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 292 in Q2 2019/20 compared to 272 in Q2 2018/19. Also, 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) increased to DKK 23.7 million in Q2 2019/20 compared to DKK 15.0 million in Q2 2018/19 impacted by developments in earnings and working capital fluctuations.

RTX POSITIONED TO MANAGE UNCERTAIN IMPACT FROM COVID-19 SITUATION

- RTX's key priorities during the unprecedented global COVID-19 outbreak are the health and safety of our employees and societies at large, as well as protecting the commercial and financial health of our business. We are implementing significant actions to protect our people and our business in the short term while still ensuring the long-term health and development of RTX.
- At present the impact of the COVID-19 outbreak and countermeasures on RTX's business is difficult to predict as various effects will impact over different time horizons. In Q2, postponed deliveries due to the delayed opening of RTX's suppliers in China after the Chinese New Year caused revenues to be postponed from Q2 to Q3 2019/20. After this impact in February and March 2020, the manufacturing sites of our suppliers are now again fully operational and keeping up with demand.
- In the near-term, Q3 and the early part of Q4 2019/20, we see increased demand for RTX's products within healthcare (products for critical patient monitoring solutions) and business headsets as societies around the world increase intensive care capacity and as companies and organizations prepare their employees for increasingly working from home. RTX is ramping up short-term supply chain capacity to meet this increased demand. Conversely, products related to large scale events in the ProAudio segment see reduced demand in the near term.
- With the impact from these directly affected segments and product types and with current visibility, RTX is maintaining the communicated outlook for 2019/20. However, given the unprecedented nature of the COVID-19 situation a fundamental uncertainty as to any impact on other segments must be acknowledged. While RTX's customers are typically strongly positioned in their respective industries, they may yet experience a further near-term impact from the COVID-19 situation which could impact RTX's sales in 2019/20. Similarly, a potential tightening of global supply chains for key components or restricted logistics flows as a result of the COVID-19 situation could impact deliveries and thus revenues in 2019/20. RTX is thus monitoring the situation closely and taking mitigating actions where possible. The outlook for the financial year assumes that RTX can maintain production and logistics flows at current and forecasted levels without major supply disruptions and that additional near-term impact on customer demand is limited.
- The mid- to longer-term impact from the COVID-19 outbreak, countermeasures and resulting economic development is also uncertain. While a longer-term economic downturn will also affect RTX's business to a certain degree, certain structural changes resulting from COVID-19 countermeasures within societies and organizations are likely to continue to be advantageous to RTX within areas such as headsets (Enterprise framework agreements), conference microphones (ProAudio framework agreement) and healthcare. Additionally, RTX's business development with several new large framework agreements added within the last 2-3 years will to a certain degree increase RTX's resilience against any adverse effects from a global economic downturn.
- RTX's balance sheet and liquidity remain very strong with a significant net cash position. As a precautionary measure to safeguard the strong cash position, the Board of Directors of RTX suspended the ongoing share buy-back programme until further notice on 13 March 2020.
- Considering COVID-19 and its impact on the global economy, RTX is actively managing its cost base and has therefore among other things delayed additional headcount investments and instead redeployed employees internally to maintain full momentum on the development activities for the large framework agreements which hold significant growth potential for RTX.



HIGHLIGHTS H1 (FIRST SIX MONTHS) 2019/20 FOR THE RTX GROUP

- **Net revenue** decreased by 5.2% to DKK 241.0 million in H1 2019/20 (H1 2018/19: DKK 254.4 million) mainly due to revenue being postponed from Q2 to Q3 2019/20 due to delayed start of RTX suppliers in China after the Chinese New Year due to COVID-19 countermeasures in China.
- **Business Communications:** Revenue decreased by 0.8% to DKK 167.7 million positively impacted by solid underlying growth of approx. 13% compared to last year especially from the large framework agreements, however negatively impacted by postponements of deliveries from Q2 to Q3 2019/20 due to COVID-19 impact on the supply chain in China.
- **Design Services:** Revenue decreased by 14.0% to DKK 73.3 million. While recurring revenues from product sales and royalties increased in line with the strategy to increase resource scalability within Design Service, revenues from engineering services (hourly-based engineering) decreased 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 development in H1 2019/20 amounted to a decrease of 7.6% as revenue compared to last year was positively impacted by the USD exchange rate development to a minor degree.

- **Operating performance** was impacted by the lower revenue level. Thus, **EBITDA** decreased by 2.8% to DKK 32.7 million (H1 2018/19: DKK 33.7 million) while **EBIT** decreased by 19.7% to DKK 22.0 million in H1 2019/20 (H1 2018/19: DKK 27.4 million). In addition to the reve-

nue development, EBITDA and EBIT are impacted by increased capacity costs related to ramp-up of activities and investments in capacity related to the major framework agreements announced over the latest year. Also, 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 30.1 million in H1 2019/20 compared to DKK 28.0 million in H1 2018/19.

OUTLOOK FOR 2019/20

- As detailed above, the impact on RTX from the COVID-19 situation is mixed. With current knowledge and visibility RTX 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. However, given the unprecedented nature of the COVID-19 situation an uncertainty as to a potential future impact from COVID-19 on RTX's financial year 2019/20 must be acknowledged. As stated in the annual report for 2018/19, it is expected that the revenue and earnings distribution over 2019/20 will be relatively back-loaded towards the end of the year.

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 Q2 and H1 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 CONFERENCE CALL

On Friday, 1 May 2020 at 9.00 am, RTX will hold a conference call for investors and analysts hosted by ABG Sundal Collier.

In this conference call, the Company's management will comment on the interim report for the second quarter of 2019/20.

To register for the conference call and receive dial-in details, please email invitations@abgsc.dk.

Group Financial Highlights and Key Ratios

(non-audited)

Amounts in DKK million	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
INCOME STATEMENT ITEMS					
Revenue	112.7	137.9	241.0	254.4	560.3
Gross profit	66.3	78.3	141.8	145.1	316.9
EBITDA	11.3	23.1	32.7	33.7	100.2
EBITDA %	10.0%	16.7%	13.6%	13.2%	17.9%
Operating profit/loss (EBIT)	5.7	19.6	22.0	27.4	86.7
Net financials	-2.5	2.1	-5.2	2.8	4.6
Profit/loss before tax (EBT)	3.3	21.7	16.8	30.2	91.3
Profit/loss for the period	2.6	17.2	13.1	23.8	71.4
BALANCE SHEET ITEMS					
Cash and current asset investments	172.3	171.1	172.3	171.1	226.7
Total assets	430.2	405.5	430.2	405.5	463.3
Equity	299.8	311.9	299.8	311.9	347.4
Liabilities	130.4	93.6	130.4	93.6	115.8
OTHER KEY FIGURES					
Development costs (own) before capitalization	11.0	10.1	23.3	18.9	39.0
Capitalized development costs	6.0	5.1	12.9	9.1	16.8
Depreciation, amortization and impairment	5.6	3.4	10.7	6.3	13.5
Cash flow from operations	23.7	15.0	30.1	28.0	107.7
Cash flow from investments ¹⁾	-8.0	-38.0	-17.7	-43.4	-52.4
Investments in property, plant and equipment	1.4	1.0	4.1	1.9	5.4
Increase/decrease in cash and cash equivalents ¹⁾	-34.8	-51.0	-51.9	-43.5	10.9

Amounts in DKK million	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
KEY RATIOS					
Growth in net turnover (percentage)	-18.3	29.2	-5.2	22.5	17.9
Profit margin (percentage)	5.1	14.2	9.1	10.8	15.5
Return on invested capital (percentage) ²⁾	58.6	60.7	58.6	60.7	75.1
Return on equity (percentage) ²⁾	19.9	20.7	19.9	20.7	21.6
Equity ratio (percentage)	69.7	76.9	69.7	76.9	75.0
EMPLOYMENT					
Average number of full-time employees	292	272	292	270	277
Hereof average number employed directly	263	250	264	248	253
Revenue per employee (DKK '000) ³⁾	386	507	825	942	2,023
Operating profit per employee (DKK '000) ³⁾	20	72	75	101	313
SHARES					
Average number of shares in circulation ('000)	8,392	8,591	8,411	8,579	8,545
Average number of diluted shares ('000)	8,451	8,678	8,480	8,682	8,633
SHARE DATA. DKK PER SHARE AT DKK 5					
Profit/loss for the period (EPS), per share ³⁾	0.3	2.0	1.6	2.8	8.4
Profit/loss for the period, diluted (DEPS), per share ³⁾	0.3	2.0	1.5	2.7	8.3
Dividends, per share (DKK)	-	-	-	-	2.5
Equity value, per share	35.9	36.4	35.9	36.4	41.0
Listed price, per share	170.6	158.0	170.6	158.0	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.

¹⁾ Including acquisition of current securities in the trading portfolio.

²⁾ Calculated over a 12 months' period.

³⁾ Not annualized.

Management Report

The Board of Directors of RTX A/S has today considered and adopted the Group's interim report for the second quarter (Q2) and first half (H1) of 2019/20 (covering the period 1 October 2019 to 31 March 2020). Comments on developments in this period follow below.

COVID-19 SITUATION IN CHINA POSTPONING REVENUES INTO Q3

In Q2 2019/20, the Group posted **revenue** of DKK 112.7 million corresponding to a decrease of 18.3% (Q2 2018/19: DKK 137.9 million). Corrected for exchange rate effects the decrease equals 20.2% compared to last year. In H1 2019/20, revenues decreased by 5.2% to DKK 241.0 million (H1 2018/19: DKK 254.4 million).

Revenue in **Business Communications** decreased by 14.8% in Q2 2019/20, reaching DKK 78.2 million (Q2 2018/19: DKK 91.8 million). Corrected for exchange rate effects the decrease was 17.0%. The decline is caused by the COVID-19 outbreak and countermeasures in China which postponed the opening of RTX's suppliers (providers of electronic manufacturing services) in China after the Chinese New Year. This has postponed production and thus deliveries from March 2020 into RTX's Q3 of 2019/20 leading to revenues also being postponed into Q3. The underlying business performed solidly in Q2, however, with quarter-on-quarter fluctuations during the ramp phase of the large framework agreement announced during 2017/18 impacting revenues from these large framework agreements in Q2 2019/20 compared to previous quarters. In H1 2019/20, revenue decreased by 0.8% to DKK 167.7 million (H1 2018/19: DKK 169.0 million) positively impacted by solid underlying growth of

approx. 13% compared to last year especially from the large framework agreements, however negatively impacted by postponements of deliveries from Q2 to Q3 2019/20 due to COVID-19 impact on the supply chain in China. The delivery situation from RTX's supplier base in China is now stabilized.

Despite COVID-19 countermeasures leading to new ways of working, Business Communications remained fully committed to serving our **Enterprise** customers both in ongoing business and in the development activities for new products. Thus, development activities for renewal of product ranges under renewed large older framework agreements continued during the quarter. Further, development activities related to the newest framework agreement (announced at the end of 2018/19) continued. 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 continues to create significant customer interest within the Enterprise segment.

In Q2 of 2019/20, **Design Services** posted revenue of DKK 34.5 million, corresponding to a decrease of 25.2% compared to the same period last year (Q2 2018/19: DKK 46.2 million). Corrected for exchange rate effects the decrease was 26.5%. In line with the strategy to increase recurring revenue to increase resource scalability within Design Services, aggregate revenues from product sales and royalties increased during the quarter. However, revenues from engineering services (hourly-based engineering) decreased. The decrease was partly due to delayed finalization of certain engineering projects for customers and partly as a result of the development activities in the division focusing increasingly on generating recurring revenues instead of executing pure engineering projects and of some engineering resources also being redeployed to assist with

FINANCIAL DEVELOPMENT

DKK million	Q2 19/20	Q2 18/19	Change (%)
Group revenue	112.7	137.9	-18.3%
BC ¹⁾ revenue	78.2	91.8	-14.8%
DS ²⁾ revenue	34.5	46.2	-25.2%
EBITDA	11.3	23.1	-50.9%
EBIT	5.7	19.6	-70.8%
CFFO³⁾	23.7	15.0	57.4%

DKK million	H1 19/20	H1 18/19	Change (%)
Group revenue	241.0	254.4	-5.2%
BC ¹⁾ revenue	167.7	169.0	-0.8%
DS ²⁾ revenue	73.3	85.3	-14.0%
EBITDA	32.7	33.7	-2.8%
EBIT	22.0	27.4	-19.7%
CFFO³⁾	30.1	28.0	7.8%

¹⁾ Business Communications

²⁾ Design Services

³⁾ Cash flow from operations

executing development activities within Business Communications related to both new and existing framework agreements. In H1 2019/20 revenues decreased by 14.0% to DKK 73.3 million (H1 2018/19: DKK 85.3 million) due to the same factors as driving the development in Q2.

During the quarter, development activities continued 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. Product launch is expected before the end of 2020. Additionally, development activities continued to take over the full supply chain and delivery for a full product for RTX's main customer within the **Health-care** segment which will happen over the coming months. Longer term, these are important stepping stones in the productization strategy within Design Services. The unit also continues product development activities refining the unique Sheersound™ and Sheerlink™ platforms providing RTX's current and future product customers within ProAudio with strong wireless performance and significantly shorter time to market for wireless solutions and creating significant customer interest.

COSTS AND EARNINGS

The lower revenue level in Q2 decreased the **gross profit** of the Group by 15.4% to DKK 66.3 million in Q2 2019/20 (Q2 2018/19: DKK 78.3 million). Aided by the revenue mix, the gross margin increased by 2.0%-points to 58.8% (Q2 2018/19: 56.8%). In H1 2019/20, gross profit amounted to DKK 141.8 million (H1 2018/19: DKK 145.1 million) corresponding to a gross margin of 58.8%, an increase of 1.8%-points (H1 2018/19: 57.0%).

Capacity costs, consisting of staff costs and other external expenses, in Q2 amounted to DKK 61.0 million (before capi-

talization of development costs) compared to DKK 60.4 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 292 in Q2 2019/20 (Q2 2018/19: 272). However, during the quarter, the Group delayed additional headcount investments due to the evolving COVID-19 situation and instead redeployed employees internally to maintain full momentum on the development activities for the large framework agreements which hold significant growth potential for RTX. Capacity costs are also 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 6.0 million in Q2 2019/20 (Q2 2018/19: DKK 5.1 million).

Operating performance before depreciations and amortizations (**EBITDA**) reached DKK 11.3 million in Q2 2019/20 (Q2 2018/19: DKK 23.1 million) impacted by the lower revenues due to COVID-19 related supply chain delays postponing revenues into Q3. Thus, the EBITDA margin in Q2 reached 10.0% (Q2 2018/19: 16.7%). For H1 2019/20 EBITDA reached DKK 32.7 million (Q2 2018/19: DKK 33.7 million) corresponding to an EBITDA margin of 13.6% (H1 2018/19: 13.2%). The implementation of IFRS 16 (capitalization of leasing costs) in 2019/20 has improved EBITDA compared to last year.

Depreciations and amortizations increased to DKK 5.6 million in Q2 2019/20 (Q2 2018/19: DKK 3.4 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**) reached DKK 5.7 million in Q2 2019/20 (Q2 2018/19: DKK 19.6 million) and DKK 22,0 million in H1 2019/20 (H1 2018/19: DKK 27.4 million). EBIT is only impacted by IFRS 16 implementation to a limited degree.

Net financial items in Q2 amounted to DKK -2.5 million (Q2 2018/19: DKK 2.1 million). The development is primarily due to adjustments to the value of investments in the trading portfolio to fair value at the balance sheet date driven by the increase in bond interest rates during March. Further, the implementation of IFRS 16 decreases net financial items in 2019/20.

Profit before tax for Q2 of 2019/20 amounted to DKK 3.3 million (Q2 2018/19: DKK 21.7 million) and to DKK 16.8 million for H1 2019/20 (H1 2018/19: DKK 30.2 million) and is marginally negatively impacted by the IFRS 16 implementation.

EQUITY, ASSETS AND CASH FLOW

At the end of the second quarter of 2019/20, the Group's **equity ratio** amounted to 69.7% (Q2 2018/19: 76.9%). The equity ratio has increased with the profits generated and decreased with distribution of dividends and share buy-back programmes. 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 (refer to note 1). The **total assets** were DKK 430.2 million at the end of the second quarter in 2019/20 compared DKK 405.5 million at the same time last year, with the increase caused by the implementation of IFRS 16.



FINANCIAL CALENDAR

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

25 AUGUST 2020

Interim report for Q3 2019/20

24 NOVEMBER 2020

Annual report for 2019/20

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 (EBITDA 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 - all of which may also be impacted by the COVID-19 situation and development.

In Q2 2019/20, the Group continued to realize positive **cash flow from operations (CFFO)** of DKK 23.7 million (Q2 2018/19: DKK 15.0 million) aided by the working capital development. In H1 2019/20, cash flow from operations reached DKK 30.1 million (H1 2018/19: DKK 28.0 million).

The Group's **total cash funds and current securities less bank debt** amounted to DKK 172.3 million at the end of Q2 2019/20 (Q2 2018/19: DKK 171.1 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. During the quarter, RTX paid out dividends of DKK 21.0 million (Q2 2018/19: DKK 17.1 million). Further, under a share buy-back programme, RTX acquired a total of 132,600 shares for a total value of DKK 28.0 million during Q2 (Q2 2018/19: DKK 10.9 million). The share buy-back programme was suspended on 13 March 2020 (cf. company announcement 25/2020) as a precautionary measure due to the global uncertainty created by the COVID-19 situation.

MANAGING THE COVID-19 SITUATION

Please refer to the section "RTX positioned to manage uncertain impact from COVID-19 situation" on page 2 of this interim report.

OUTLOOK FOR THE 2019/20 FINANCIAL YEAR

With the impact from the COVID-19 situation detailed above with both positive and negative impact on RTX and with current visibility, RTX is maintaining the communicated outlook for 2019/20. However, given the unprecedented nature of the COVID-19 situation a fundamental uncertainty as to any impact on other segments must be acknowledged. While RTX's customers are typically strongly positioned in their respective industries, they may yet experience a further near-term impact from the COVID-19 situation which

could impact RTX's sales in 2019/20. Similarly, a potential tightening of global supply chains for key components or restricted logistics flows as a result of the COVID-19 situation could impact deliveries and thus revenues in 2019/20. RTX is thus monitoring the situation closely and taking mitigating actions where possible.

Therefore, with current knowledge and visibility, RTX 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. However, given the unprecedented nature of the COVID-19 situation an uncertainty as to a potential future impact from COVID-19 on RTX's financial year 2019/20 must be acknowledged. The outlook for the financial year assumes that RTX can maintain production and logistics flows at current and forecasted levels without major supply disruptions and that additional near-term impact from COVID-19 on customer demand is limited. As stated in the annual report for 2018/19, it is expected that the revenue and earnings distribution over 2019/20 will be relatively backloaded towards the end of the year.

SHARE CAPITAL REDUCTION COMPLETED

As adopted at the Annual General Meeting on 23 January 2020 and as subsequently confirmed and finally adopted by the Extraordinary General Meeting held on 3 March 2020, RTX's share capital has been reduced by nominal DKK 1,500.000 by cancellation of 300,000 treasury shares acquired through share buy-back programmes. The share capital reduction was finally completed and registered on 15 April 2020 (cf. company announcement 28/2020).

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 second quarter and first half of the financial year 2019/20 (covering the period 1 October 2019 to 31 March 2020).

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 March 2020 and of its financial performance and cash flow for the second quarter and first half 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, 28 April 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	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Revenue	3	112,744	137,937	241,026	254,370	560,273
Value of work transferred to assets	4	6,045	5,139	12,900	9,109	16,777
Costs of sales		-46,477	-59,607	-99,240	-109,298	-243,403
Other external expenses		-12,712	-15,104	-27,073	-31,835	-61,107
Staff costs		-48,271	-45,307	-94,892	-88,687	-172,322
Operating profit/loss before depreciation and amortization (EBITDA)		11,329	23,058	32,721	33,659	100,218
Depreciation and amortization	4	-5,611	-3,449	-10,710	-6,261	-13,495
Operating profit/loss (EBIT)		5,718	19,609	22,011	27,398	86,723
Financial income	5	959	2,248	1,925	3,087	5,144
Financial expenses	5	-3,412	-125	-7,140	-274	-520
Profit/loss before tax		3,265	21,732	16,796	30,211	91,347
Tax of profit/loss for the period		-691	-4,526	-3,672	-6,460	-19,972
Profit/loss for the period		2,574	17,206	13,124	23,751	71,375
Earnings per share (EPS)						
Earnings per share (DKK)		0.3	2.0	1.6	2.8	8.4
Earnings per share, diluted (DKK)		0.3	2.0	1.5	2.7	8.3

Statement of Comprehensive Income

(non-audited)

Amounts in DKK '000	Note	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Profit/loss for the period		2,574	17,206	13,124	23,751	71,375
Items that may be reclassified subsequently to the income statement						
Exchange rate adjustments of foreign subsidiaries		796	562	94	909	1,875
Fair value adjustment relating to hedging instruments		-1,380	-	-1,152	-	-
Fair value of hedging instruments reclassified to the income statement		302	-	302	-	-
Tax on items that may be reclassified		237	-	187	-	-
Other comprehensive income, net of tax		-45	562	-569	909	1,875
Comprehensive income for the period		2,529	17,768	12,555	24,660	73,250

Balance Sheet

(non-audited)

Amounts in DKK '000	31.03.20	31.03.19	30.09.19
ASSETS			
Own completed development projects	20,061	13,888	15,681
Own development projects in progress	29,945	25,854	26,865
Acquired license rights	528	1,582	1,055
Goodwill	7,797	7,797	7,797
Intangible assets	58,331	49,121	51,398
Right-of-use assets (lease assets)	38,394	-	-
Plant and machinery	8,395	8,412	7,892
Other fixtures, tools and equipment	4,336	2,487	3,391
Leasehold improvements	3,246	3,517	3,470
Tangible assets	54,371	14,416	14,753
Deposits	7,977	7,903	7,928
Deferred tax assets	1,631	3,563	1,644
Other non-current assets	9,608	11,466	9,572
Non-current assets	122,310	75,003	75,723
Inventories	17,477	15,357	21,814
Trade receivables	84,362	120,359	116,720
Contract development projects in progress	23,923	17,336	16,312
Income taxes	1,923	-	-
Other receivables	3,803	2,789	3,001
Prepaid expenses	4,178	3,553	3,005
Receivables	118,189	144,037	139,038
Current asset investments in the trading portfolio	151,024	152,759	153,149
Current asset investments	151,024	152,759	153,149
Cash at bank and in hand	21,230	18,357	73,556
Total current assets	307,920	330,510	387,557
Total assets	430,230	405,513	463,280

Amounts in DKK '000	31.03.20	31.03.19	30.09.19
EQUITY AND LIABILITIES			
Share capital	44,714	44,714	44,714
Share premium account	252,367	252,367	252,367
Retained earnings	2,722	14,802	50,359
Equity	299,803	311,883	347,440
Lease liabilities	35,178	-	-
Deferred tax liabilities	8,881	-	6,144
Provisions	1,305	905	1,305
Non-current liabilities	45,364	905	7,449
Lease liabilities	6,152	-	-
Prepayments received from customers	1,910	1,637	7,371
Trade payables	26,293	42,324	44,449
Contract development projects in progress	5,919	4,958	5,121
Income taxes	-	4,029	8,883
Provisions	1,615	1,115	1,441
Other payables	43,174	38,662	41,126
Current liabilities	85,063	92,725	108,391
Total liabilities	130,427	93,630	115,840
Total equity and liabilities	430,230	405,513	463,280

Equity Statement

(non-audited)

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
Equity at 1 October 2018	44,714	252,367	14,918	311,999
Changes in accounting policies, IFRS 15	-	-	931	931
Tax on changes in accounting policies, IFRS 15	-	-	-205	-205
Equity at 1 October 2018 (restated)	44,714	252,367	15,644	312,725
Profit/loss for the period	-	-	23,751	23,751
Exchange rate adjustments of foreign subsidiaries	-	-	909	909
Other comprehensive income, net of tax	-	-	909	909
Comprehensive income for the period	-	-	24,660	24,660
Share-based remuneration	-	-	2,971	2,971
Deferred tax on equity transactions	-	-	-1,938	-1,938
Current tax on equity transactions	-	-	1,489	1,489
Paid dividend for 2017/18	-	-	-17,136	-17,136
Acquisition of treasury shares	-	-	-10,888	-10,888
Other transactions	-	-	-25,502	-25,502
Equity at 31 March 2019	44,714	252,367	14,802	311,883

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Total
Equity at 1 October 2019	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
Equity at 1 October 2019 (restated)	44,714	252,367	48,207	345,288
Profit/loss for the period	-	-	13,124	13,124
Exchange rate adjustments of foreign subsidiaries	-	-	94	94
Fair value adjustment relating to hedging instruments	-	-	-1,152	-1,152
Fair value of hedging instruments reclassified to the income statement	-	-	302	302
Tax on items that may be reclassified	-	-	187	187
Other comprehensive income, net of tax	-	-	-569	-569
Comprehensive income for the period	-	-	12,555	12,555
Share-based remuneration	-	-	2,497	2,497
Deferred tax on equity transactions	-	-	-1,649	-1,649
Current tax on equity transactions	-	-	2,632	2,632
Paid dividend for 2018/19	-	-	-20,960	-20,960
Acquisition of treasury shares	-	-	-40,560	-40,560
Other transactions	-	-	-58,040	-58,040
Equity at 31 March 2020	44,714	252,367	2,722	299,803

Share capital of DKK 44,714,190 consists of 8,942,838 shares at DKK 5. The Group holds 601,522 treasury shares at 31 March 2020 (381,508 shares at 31 March 2019). There are no shares carrying special rights.

Cash Flow Statement

(non-audited)

Amounts in DKK '000	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Operating profit/loss (EBIT)	5,718	19,609	22,011	27,398	86,723
Reversal of items with no effect on cash flow					
Depreciation and amortization	5,611	3,449	10,710	6,261	13,495
Other items with no effect on cash flow	1,211	2,187	1,834	3,781	7,661
Change in working capital					
Change in inventories	3,680	2,780	3,927	7,352	35
Change in receivables	17,438	-16,146	22,897	932	5,931
Change in trade payables etc.	-7,663	2,304	-20,771	-19,333	-8,847
Cash flow from operating activities	25,995	14,183	40,608	26,391	104,998
Financial income received	805	2,930	1,925	3,546	5,188
Financial expenses paid	-859	-986	-2,431	-274	-520
Income taxes paid	-2,291	-1,099	-9,980	-1,710	-2,012
Cash flow from operations	23,650	15,028	30,122	27,953	107,654
Investments in own development projects	-5,664	-5,139	-11,750	-9,109	-15,518
Acquisition of property, plant and equipment	-1,352	-983	-4,084	-1,932	-5,364
Deposits on leaseholds	-24	-6	-49	-155	-180
Acquisition and sale of current asset investments in trading portfolio	-995	-31,886	-1,839	-32,231	-31,379
Cash flow from investments	-8,035	-38,014	-17,722	-43,427	-52,441

Amounts in DKK '000	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Repayment of lease liabilities	-1,410	-	-2,825	-	-
Acquisition of treasury shares	-27,999	-10,888	-40,560	-10,888	-27,219
Paid dividend	-20,960	-17,136	-20,960	-17,136	-17,136
Cash flow from financing activities	-50,369	-28,024	-64,345	-28,024	-44,355
Increase/decrease in cash and cash equivalents	-34,754	-51,010	-51,945	-43,498	10,858
Exchange rate correction on cash	120	-116	-381	-218	625
Cash and cash equivalents at the beginning of the period, net	55,864	69,483	73,556	62,073	62,073
Cash and cash equivalents at the end of the period, net	21,230	18,357	21,230	18,357	73,556
Cash and cash equivalents at the end of the period, net, are composed as follows:					
Cash at bank and in hand	21,230	18,357	21,230	18,357	73,556
Cash and cash equivalents at the end of the period, net	21,230	18,357	21,230	18,357	73,556

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 H1 2019/20 the Group has entered into commercial hedging transactions. The derivatives are measured at fair value at 31 March 2020 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
Lease liabilities recognized at 1 October 2019	43,543

Notes

1 ACCOUNTING POLICIES (CONTINUED)

Impact on Consolidated financial statements in H1 2019/20 from implementing IFRS 16:

Amounts in DKK '000	Previous accounting policy	Impact of IFRS 16	New accounting policy
INCOME STATEMENT			
Other external expenses	-30,762	3,689	-27,073
EBITDA	29,032	3,689	32,721
Depreciation and amortization	-7,665	-3,045	-10,710
EBIT	21,367	644	22,011
Financial costs	-6,302	-838	-7,140
Tax	-3,715	43	-3,672
Profit/loss for the period	13,275	-151	13,124
BALANCE SHEET			
Right-of-use-assets (lease assets)	-	38,394	38,394
Retained earnings	5,037	-2,315	2,722
Lease liabilities	-	41,330	41,330
Deferred tax liabilities	9,502	-621	8,881
CASH FLOW			
Cash flow from operations	27,297	2,825	30,122
Cash flow from financing activities	-61,520	-2,825	-64,345
Net cash flow	-51,945	-	-51,945

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	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Revenue, business segments					
Business Communications	78,203	91,760	167,677	169,032	386,815
Design Services	34,541	46,177	73,349	85,338	173,458
Group	112,744	137,937	241,026	254,370	560,273
EBITDA					
Business Communications	15,331	18,992	35,726	30,059	84,738
Design Services	-4,002	4,066	-3,005	3,600	15,480
Group	11,329	23,058	32,721	33,659	100,218
EBIT					
Business Communications	12,272	15,853	30,088	27,042	78,496
Design Services	-6,554	3,756	-8,077	356	8,227
Group	5,718	19,609	22,011	27,398	86,723

Notes

3 SEGMENT INFORMATION (CONTINUED)

Amounts in DKK '000	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Segment assets					
Business Communications	148,130	150,935	148,130	150,935	159,888
Design Services	106,244	77,619	106,244	77,619	76,607
Non-allocated items	175,856	176,959	175,856	176,959	226,785
Group	430,230	405,513	430,230	405,513	463,280
Revenue, geographical segments					
Denmark	1,341	2,942	3,172	5,158	6,340
France	22,471	23,535	57,520	60,528	119,227
Germany	23,383	19,141	35,100	29,615	60,150
Netherlands	11,760	19,844	31,337	30,928	104,264
Other Europe	13,494	24,648	23,659	32,537	61,876
USA	17,022	30,702	40,447	56,696	116,338
Hong Kong	12,832	2,935	27,653	11,049	39,428
Other Asia and Pacific	9,602	13,608	20,339	25,411	44,704
Other	839	582	1,799	2,448	7,946
Total	112,744	137,937	241,026	254,370	560,273

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	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Own development cost incurred before capitalization	11,026	10,147	23,340	18,874	38,993
Value of work transferred to assets (capitalized)	-6,045	-5,139	-12,900	-9,109	-16,777
Total amortization and impairment losses on development projects	2,342	1,680	4,289	2,716	6,322
Development costs recognized in the profit/loss account	7,323	6,688	14,729	12,481	28,538

5 FINANCIAL ITEMS

Amounts in DKK '000	Q2 2019/20	Q2 2018/19	H1 2019/20	H1 2018/19	FY 2018/19
Exchange rate gains (net)	154	332	-	761	2,297
Fair value adjustments of investments in trading portfolio	-	1,110	-	852	1,242
Other financial income	805	806	1,925	1,474	1,605
Financial income	959	2,248	1,925	3,087	5,144
Exchange rate losses (net)	-	-	1,450	-	-
Fair value adjustments of investments in trading portfolio	2,408	-	3,964	-	-
Financing element, IFRS 16	414	-	836	-	-
Other financial costs	590	125	890	274	520
Financial expenses	3,412	125	7,140	274	520

6 EVENTS AFTER THE BALANCE SHEET DATE

Share capital reduction of nominal DKK 1,500,000 was finally completed after the balance sheet date. Refer to the management report on the subject.