

INTERIM REPORT FOR Q3 AND 9M 2019/20

(the period 01.10.2019 - 30.06.2020)

ANNOUNCEMENT

to Nasdaq Copenhagen A/S and the media
Nørresundby, 24 August 2020
Announcement no. 34/2020
No. of pages: 15



RTX Q3 REVENUE AND EARNINGS GROWTH – REVENUE OUTLOOK 19/20 ADJUSTED WHILE EARNINGS OUTLOOK NARROWED

“We are satisfied by the performance in the third quarter of 2019/20. Revenue increased by 6.5% and EBITDA increased by 31% compared to last year and we continued the progress in the product development work for key framework agreements within our Enterprise, ProAudio and Healthcare segments. As mentioned in the interim report for our second quarter, given the unprecedented nature of the COVID-19 pandemic an uncertainty as to the impact on RTX’s financial year 2019/20 had to be acknowledged. In the short term, we can now see that the effects of COVID-19 countermeasures globally have led to some RTX customers reducing their firm orders towards the end of the financial year so that these orders are below the customers’ previous forecasts. Therefore, we are adjusting our revenue outlook for FY 19/20. However, we have not seen customers pulling out of development agreements and therefore we continue to see our business model as being fundamentally strong and supporting our growth aspirations. We are maintaining and narrowing our earnings outlook and I am pleased with the resilience of our business model so that we with prudent cost management still expect to end the year within our original earnings outlook despite COVID-19.”

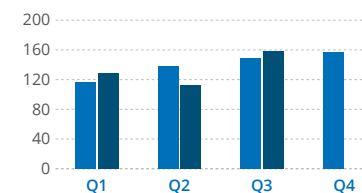
Peter Røpke, CEO

HIGHLIGHTS Q3 2019/20 FOR THE RTX GROUP

- **Net revenue** increased by 6.5% to DKK 158.5 million in Q3 2019/20 (Q3 2018/19: DKK 148.9 million). The increase is caused by the effects, during the previous quarter (Q2), of the COVID-19 outbreak and countermeasures in China on RTX’s supply chain which postponed revenue from Q2 into Q3. Further, the revenue increase is driven by Enterprise Headsets and by the Healthcare segment.
- **Business Communications:** Revenue increased 7.8% to DKK 110.3 million. The increase is partly caused by the COVID-19 outbreak and countermeasures in China which postponed some deliveries from RTX’s suppliers (providers of electronic manufacturing services) in China from Q2 to Q3 thereby also postponing some revenue from March (i.e. Q2) into this Q3. Moreover, the increase is partly driven by increased demand for Enterprise Headsets. Revenue from the Enterprise handsets and base stations in Q3 was impacted by quarter-on-quarter fluctuations during the ramp phase of a large framework agreement announced during 2017/18.
- **Design Services:** Revenue increased by 3.5% to DKK 48.2 million driven by increased recurring revenues from product sales and royalty, partly offset by lower revenues from engineering services (hourly-based engineering). This is a result of the strategy to increasingly focus on generating recurring revenues instead of selling engineering services and the result of some engineering resources being redeployed to assist with executing development activities within Business Communications related to both new and existing framework agreements in order to reduce an increase in the overall cost base in light of the global uncertainty due to the COVID-19 pandemic. Within Design Service revenue especially increased within the Healthcare segment.

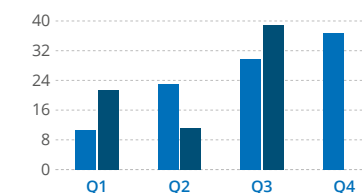
REVENUE PER QUARTER

Million DKK



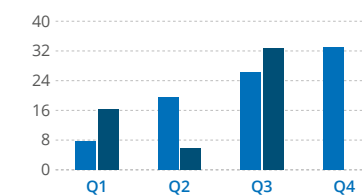
EBITDA PER QUARTER

Million DKK



EBIT PER QUARTER

Million DKK



■ 2018/19 ■ 2019/20

FX corrected revenue development amounted to an increase of 4.7% as revenue compared to last year was positively impacted by the USD exchange rate level to a minor degree.

- **Gross profit** increased by 2.4% to DKK 85.9 million in Q3 2019/20 (Q3 2018/19: DKK 83.9 million). The gross margin decreased by 2.2%-points to 54.2% (Q3 2018/19: 56.4%) impacted by the revenue mix.
- **Operating performance** improved with **EBITDA** increasing by 31.1% to DKK 38.9 million in Q3 2019/20 (Q3 2018/19: DKK 29.7 million). **EBIT** increased by 24.2% to DKK 32.6 million in Q3 2019/20 (Q3 2018/19: DKK 26.2 million). EBITDA and EBIT are impacted by the growth in revenue and gross profit as well as the development in capacity costs which are impacted by increased costs related to ramp-up of activities and investments in capacity related to the major framework agreements announced over the last years, but counterbalanced by tight management of the cost base considering the global uncertainty stemming from the COVID-19 pandemic. The average number of FTEs reached 291 in Q3 2019/20 compared to 281 in Q3 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 48.2 million in Q3 2019/20 compared to DKK 34.5 million in Q3 2018/19 driven by developments in earnings and working capital fluctuations.

HIGHLIGHTS 9M (FIRST NINE MONTHS) 2019/20 FOR THE RTX GROUP

- **Net revenue** decreased by 0.9% to DKK 399.5 million in 9M 2019/20 (9m 2018/19: DKK 403.2 million) with revenue growth within Business Communications (Enterprise segment) being counterbalanced by a revenue decrease within Design Services due to lower revenues from engineering services compared to last year.
 - **Business Communications:** Revenue increased by 2.4% to DKK 278.0 million positively impacted by growth within Enterprise Headsets partially counterbalanced by quarter-on-quarter fluctuations during the ramp phase of a large framework agreement announced during 2017/18 within Enterprise handsets and base stations.
 - **Design Services:** Revenue decreased 7.9% to DKK 121.5 million. Recurring revenues from product sales and royalties increased in line with the strategy to increase resource scalability within Design Services. Conversely, 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 and as some engineering resources have been redeployed to assist with executing development activities within Business Communications related to both new and existing framework agreements in order to reduce an increase in the overall cost base in light of the global uncertainty due to the COVID-19 pandemic. Within Design Services the Healthcare segment has performed stronger than the ProAudio segment impacted by the COVID-19 pandemic.

FX corrected revenue development in 9M 2019/20 amounted to a decrease of 3.1% as revenue compared to last year was positively impacted by the USD exchange rate level.

- **Gross profit** decreased by 0.6% to DKK 227.7 million in 9M 2019/20 (9M 2018/19: DKK 229.0 million). The gross margin was largely unchanged with a small increase by 0.2%-points to 57.0% (9M 2018/19: 56.8%).
- **EBITDA** increased by 13.1% to DKK 71.7 million (9M 2018/19: DKK 63.4 million). EBITDA is impacted by increased staff costs related to ramp-up of activities for the major framework agreements announced over the last year. Counterbalancing this is tight management of the cost base in light of the global uncertainty stemming from the COVID-19 pandemic. This includes lower discretionary spend and substituting additional headcount investments with internal redeployment of employees. Further, EBITDA is impacted by capitalized development costs where RTX has continued to fund development activities of e.g. wireless headset models and ProAudio product solutions. **EBIT** increased by 1.8% to DKK 54.6 million in 9M 2019/20 (9M 2018/19: DKK 53.6 million) impacted by increasing depreciation and amortization reflecting the investments in RTX product solutions over the last years. 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 78.4 million in 9M 2019/20 compared to DKK 62.4 million in 9M 2018/19.



OUTLOOK FOR 2019/20

- The COVID-19 pandemic affects societies and industries globally in 2020. RTX's key priorities in this situation remain the health and safety of our employees and societies at large, as well as protecting the commercial and financial health of our business. RTX remains fully operational and focus on assisting our customers as well as on the most important development activities.
- RTX Q3 was affected by COVID-19 in a number of ways. Deliveries that were postponed from Q2 into Q3 due to COVID-19 countermeasures in China affecting deliveries from Chinese suppliers in March had a positive effect on Q3. Since March, the manufacturing sites of our suppliers have been and remain fully operational. Further, Q3 was affected by high demand for products in the Healthcare segment (products used in intensive care monitoring systems) and for Enterprise Headsets (increased distance working). Conversely, products within the ProAudio segment being used for live events have seen decreased demand in Q3.
- RTX's balance sheet and liquidity remain very strong with a significant net cash position.
- So far during the global COVID-19 pandemic, RTX has maintained our outlook for the year. However, as noted in the company announcement of the Q2 results (cf. company announcement 30/2020), given the unprecedented nature of the COVID-19 situation globally an uncertainty as to the potential impact from the COVID-19 on RTX's FY 2019/20 had to be acknowledged. With increased visibility regarding the end of the financial year 2019/20, RTX adjusts and narrows its expectations regarding revenue while maintaining and narrowing expectations regarding earnings (EBITDA and EBIT) as detailed below.

- The adjusted and narrowed outlook for revenue is DKK 550-570 million for FY 2019/20. While certain RTX products (e.g. Enterprise Headsets) and segments (e.g. Healthcare) have benefitted from the COVID-19 situation, other segments will be impacted by the COVID-19 pandemic towards the end of the financial year. Within ProAudio and Enterprise products the effects of COVID-19 countermeasures globally have led to RTX customers reducing their firm orders towards the end of the financial year so that these orders are below the customers' previous forecasts.
- The maintained, but narrowed, outlook for EBITDA is DKK 105-115 million and for EBIT DKK 80-90 million for FY 2019/20. Both these ranges are within the ranges in the original outlook. With careful management of the cost base e.g. regarding new headcount investments and various discretionary spend, RTX expects to be able to maintain a solid earnings level despite revenues being lower than originally expected. Among other things, RTX has redeployed employees internally to maintain full momentum on the development activities for the large framework agreements which hold significant longer-term growth potential for RTX thereby reducing the need for new headcount investments.
- The COVID-19 pandemic increases uncertainty related to the global flow of goods (sporadic lockdowns etc.). The outlook for 2019/20 assumes that no unforeseen events occur causing supply or logistics disruptions.

RTX A/S

PETER THOSTRUP
Chairman

PETER RØPKE
CEO

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APPENDICES

Interim report for Q3 and 9M 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, 28 August 2020 at 9.00 am, RTX will hold a meeting for investors and analysts at

Danske Bank
Holmens Kanal 12
København

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

To register for the meeting, please email lomo@danskebank.dk.

Group Financial Highlights and Key Ratios

(non-audited)

Amounts in DKK million	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
INCOME STATEMENT ITEMS					
Revenue	158.5	148.9	399.5	403.2	560.3
Gross profit	85.9	83.9	227.7	229.0	316.9
EBITDA	38.9	29.7	71.7	63.4	100.2
EBITDA %	24.6%	19.9%	17.9%	15.7%	17.9%
Operating profit/loss (EBIT)	32.6	26.2	54.6	53.6	86.7
Net financials	1.2	-0.8	-4.1	2.0	4.6
Profit/loss before tax (EBT)	33.8	25.4	50.6	55.6	91.3
Profit/loss for the period	26.3	20.0	39.4	43.7	71.4
BALANCE SHEET ITEMS					
Cash and current asset investments	210.5	190.0	210.5	190.0	226.7
Total assets	499.7	441.8	499.7	441.8	463.3
Equity	328.3	324.1	328.3	324.1	347.4
Liabilities	171.4	117.7	171.4	117.7	115.8
OTHER KEY FIGURES					
Development costs (own) before capitalization	11.5	10.4	34.9	29.3	39.0
Capitalized development costs	7.7	5.1	20.6	14.3	16.8
Depreciation, amortization and impairment	6.3	3.4	17.0	9.7	13.5
Cash flow from operations	48.2	34.5	78.4	62.4	107.7
Cash flow from investments ¹⁾	-10.1	-7.2	-27.8	-50.6	-52.4
Investments in property, plant and equipment	2.5	1.7	6.6	3.6	5.4
Increase/decrease in cash and cash equivalents ¹⁾	36.6	18.2	-15.3	-25.3	10.9

Amounts in DKK million	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
KEY RATIOS					
Growth in net turnover (percentage)	6.5	30.4	-0.9	25.3	17.9
Profit margin (percentage)	20.6	17.6	13.7	13.3	15.5
Return on invested capital (percentage) ²⁾	64.8	69.8	64.8	69.8	75.1
Return on equity (percentage) ²⁾	20.6	22.3	20.6	22.3	21.6
Equity ratio (percentage)	65.7	73.4	65.7	73.4	75.0
EMPLOYMENT					
Average number of full-time employees	291	281	291	273	277
Hereof average number employed directly	262	256	263	250	253
Revenue per employee (DKK '000) ³⁾	545	530	1,373	1,477	2,023
Operating profit per employee (DKK '000) ³⁾	112	93	188	197	313
SHARES					
Average number of shares in circulation ('000)	8,341	8,528	8,388	8,562	8,545
Average number of diluted shares ('000)	8,385	8,598	8,449	8,654	8,633
SHARE DATA. DKK PER SHARE AT DKK 5					
Profit/loss for the period (EPS), per share ³⁾	3.1	2.3	4.7	5.1	8.4
Profit/loss for the period, diluted (DEPS), per share ³⁾	3.1	2.3	4.7	5.1	8.3
Dividends, per share (DKK)	-	-	-	-	2.5
Equity value, per share	39.4	38.1	39.4	38.1	41.0
Listed price, per share	213.0	158.0	213.0	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 third quarter of 2019/20 (covering the period 1 April 2020 to 30 June 2020). Comments on developments for the third quarter (Q3) and first nine months (9M) of the 2019/20 financial year follow below.

Q3 REVENUE GROWTH OF 6.5%

The RTX Group realized revenue of DKK 158.5 million – an increase of 6.5% (Q3 2018/19: DKK 148.9 million. Corrected for exchange rate effects the increase equals 4.7% compared to last year. For 9M 2019/20, revenues decreased by 0.9% to DKK 399.5 million (9M 2018/19: DKK 403.2 million).

Revenue in **Business Communications** grew by 7.8% to DKK 110.3 million in Q3 2019/20 (Q3 2018/19: DKK 102.3 million). Corrected for exchange rate effects the increase was 5.9%. The increase is partly caused by the COVID-19 outbreak and countermeasures in China which postponed some deliveries from RTX's suppliers (providers of electronic manufacturing services) in China from Q2 to Q3 thereby also postponing some revenue from March (i.e. Q2) into this Q3. RTX's supplier base has been fully operational since March and the delivery situation thus remains stabilized. Moreover, the increase is partly driven by increased demand for Enterprise Headsets. Revenue from the Enterprise handsets and base stations in Q3 was impacted by quarter-on-quarter fluctuations during the ramp phase of a large framework agreement announced during 2017/18. For 9M 2019/20, revenue in Business Communications increased by 2.4% to DKK 278.0 (9M 2018/19: DKK 271.3 million).

During the quarter – under ways of working impacted by the COVID-19 pandemic – RTX staff continued development

activities within the **Enterprise** segment for renewal of product ranges under renewed large older framework agreements. 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 for instance wireless headsets models and deployment tools for our Enterprise suite of products – continued in the quarter.

Design Services realized revenue of DKK 48.2 million, corresponding to an increase of 3.5% (Q3 2018/19: DKK 46.6 million). Corrected for exchange rate effects the increase was 2.1%. The increase is driven by increased recurring revenues from product sales and royalty, partly offset by lower revenues from engineering services (hourly-based engineering). This is a result of the strategy to increasingly focus on generating recurring revenues instead of selling engineering services and the result of some engineering resources being redeployed to assist with executing development activities within Business Communications related to both new and existing framework agreements in order to reduce an increase in the overall cost base in light of the global uncertainty due to the COVID-19 pandemic. Within Design Services revenue especially increased within the Healthcare segment with RTX products for patient monitoring systems. For 9M 2019/20 revenues decreased by 7.9% to DKK 121.5 million (9M 2018/19: DKK 131.9 million) also driven by increased recurring revenues from product sales and royalty and by lower revenues from engineering services.

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, RTX has finalized activities to take over the full supply chain and delivery for a full product for

FINANCIAL DEVELOPMENT

DKK million	Q3 19/20	Q3 18/19	Change (%)
Group revenue	158.5	148.9	6.5%
BC ¹⁾ revenue	110.3	102.3	7.8%
DS ²⁾ revenue	48.2	46.6	3.5%
EBITDA	38.9	29.7	31.1%
EBIT	32.6	26.2	24.2%
CFFO³⁾	48.2	34.5	39.9%

DKK million	9M 19/20	9M 18/19	Change (%)
Group revenue	399.5	403.2	-0.9%
BC ¹⁾ revenue	278.0	271.3	2.4%
DS ²⁾ revenue	121.5	131.9	-7.9%
EBITDA	71.7	63.4	13.1%
EBIT	54.6	53.6	1.8%
CFFO³⁾	78.4	62.4	25.5%

¹⁾ Business Communications

²⁾ Design Services

³⁾ Cash flow from operations

RTX's main customer within the **Healthcare** segment. Initial deliveries were made, as planned, during Q3 and going forward RTX will supply the full product. 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 **gross profit** of the Group increased by 2.4% to DKK 85.9 million in Q3 2019/20 (Q3 2018/19: DKK 83.9 million). The gross margin decreased by 2.2%-points to 54.2% (Q3 2018/19: 56.4%) impacted by the revenue mix. In 9M 2019/20, gross profit amounted to DKK 227.7 million (9M 2018/19: DKK 229.0 million) corresponding to a largely unchanged gross margin of 57.0% (9M 2018/19: 56.8%).

Capacity costs in Q3 amounted to DKK 54.6 million (before capitalization of development costs) compared to DKK 59.4 million in the same period last year. The capacity cost level is impacted by 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 was 291 in Q3 2019/20 (Q3 2018/19: 281). 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. Also, various discretionary spend has been managed tightly considering the global uncertainty stemming from the COVID-19 pandemic. Further, capacity costs in the quarter were impacted by lower costs related to expected annual bonuses. Capacity costs are also impacted by implementation of IFRS 16 regarding cap-

italization 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, product deployment tools, ProAudio product solutions etc. during the quarter. Therefore, the Group **capitalized development costs** of DKK 7.7 million in Q3 2019/20 (Q3 2018/19: DKK 5.1 million).

Operating performance before depreciations and amortizations (**EBITDA**) improved by 31.1% to DKK 38.9 million in Q3 2019/20 (Q3 2018/19: DKK 29.7 million) due to the revenue growth and the careful capacity cost management. Thus, the EBITDA margin in Q3 reached 24.6% (Q3 2018/19: 19.9%). For 9M 2019/20 EBITDA increased by 13.1% to DKK 71.7 million (9M 2018/19: DKK 63.4 million) corresponding to an EBITDA margin of 17.9% (9M 2018/19: 15.7%). 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 6.3 million in Q3 2019/20 (Q3 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**) increased by 24.2% to DKK 32.6 million in Q3 2019/20 (Q3 2018/19: DKK 26.2 million). For 9M 2019/20, EBIT amounted to DKK 54.6 million in 9M 2019/20 (9M 2018/19: DKK 53.6 million) impacted by increasing depreciation and amortization reflecting the investments in RTX product solutions over the last years. EBIT is only impacted by IFRS 16 implementation to a limited degree.

Net financial items in Q3 amounted to DKK 1.2 million (Q3 2018/19: DKK -0.8 million). The development in the quarter

is positively impacted by adjustments to the value of investments in the trading portfolio to fair value at the balance sheet date driven by the decrease in bond interest rates during the quarter (leading to increases in bond prices). Financial items are negatively impacted by exchange rate adjustments of balance sheet items during the quarter due to decreasing USD exchange rate partly counterbalanced by currency (USD) hedging under which the Group has hedged part of the expected USD net cash inflow from operations. For 9M 2019/20, net financial items amount to DKK -4.1 million (9M 2018/19: DKK 2.0 million) negatively impacted by exchange rate adjustments of balance sheet items during the period due to decreasing USD exchange rate (partly counterbalanced by USD hedging) and by implementation of IFRS 16 regarding capitalization of leasing. The trading portfolio has had a neutral impact on net financial items for 9M 2019/20 as adjustments to fair value at the balance sheet date and dividends (interest) received largely net out.

Profit before tax for Q3 of 2019/20 increased to DKK 33.8 million (Q3 2018/19: DKK 25.4 million). For 9M 2019/20, profit before tax amounted to DKK 50.6 million (9M 2018/19: DKK 55.6 million) and is marginally negatively impacted by the IFRS 16 implementation.

EQUITY, ASSETS AND CASH FLOW

At the end of the third quarter of 2019/20, the Group's **equity ratio** amounted to 65.7% (Q3 2018/19: 73.4%). The equity ratio has increased with the profits generated and decreased with distribution of dividends and share buy-backs during 2019/20. Further, 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 499.7 million at the end of the third quarter in 2019/20 compared DKK 441.8 million at the same time last year, with the increase caused by the implementation of IFRS 16 and a higher cash position.



FINANCIAL CALENDAR

Expected publication of financial information for the financial year 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 Q3 2019/20, the Group continued to realize positive **cash flow from operations (CFFO)** of DKK 48.2 million (Q3 2018/19: DKK 34.5 million) aided by the earnings generated and the working capital development. In 9M 2019/20, cash flow from operations reached DKK 78.4 million (9M 2018/19: DKK 62.4 million).

RTX's balance sheet and liquidity thus remain very strong with a significant net cash position.

The Group's **total cash funds and current securities less bank debt** amounted to DKK 210.5 million at the end of Q3 2019/20 (Q3 2018/19: DKK 190.0 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 2019/20. For 9M 2019/20, RTX has paid out dividends of DKK 21.0 million (9M 2018/19: DKK 17.1 million) and bought back shares for DKK 40.6 million (9M 2018/19: DKK 20.0 million). RTX share buy-back programme has been suspended since 13 March 2020 (cf. company announcement 25/2020) solely as a precautionary measure due to the global uncertainty created by the COVID-19 situation.

OUTLOOK FOR THE 2019/20 FINANCIAL YEAR

So far during the global COVID-19 pandemic, RTX has maintained our outlook for the year. However, as noted in the company announcement of the Q2 results (cf. company announcement 30/2020), given the unprecedented nature of the COVID-19 situation globally an uncertainty as to the potential impact from the COVID-19 on RTX's FY 2019/20 had to be acknowledged. With increased visibility regarding the end of the financial year 2019/20, RTX adjusts and narrows its expectations regarding revenue while maintaining and narrowing expectations regarding earnings (EBITDA and EBIT) as detailed below.

The adjusted and narrowed outlook for revenue is DKK 550-570 million for FY 2019/20. While certain RTX products (e.g. Enterprise Headsets) and segments (e.g. Healthcare) have benefitted from the COVID-19 situation, other segments will be impacted by the COVID-19 pandemic towards the end of the financial year. Within ProAudio and Enterprise products the effects of COVID-19 countermeasures globally have led to RTX customers reducing their firm orders towards the end of the financial year so that these orders are below the customers' previous forecasts.

The maintained, but narrowed, outlook for EBITDA is DKK 105-115 million and for EBIT DKK 80-90 million for FY 2019/20. Both these ranges are within the ranges in the original outlook. With careful management of the cost base e.g. regarding new headcount investments and various discretionary spend, RTX expects to be able to maintain a solid earnings level despite revenues being lower than originally expected. Among other things, RTX has redeployed employees internally to maintain full momentum on the development activities for the large framework agreements which hold significant longer-term growth potential for RTX thereby reducing the need for new headcount investments.

The COVID-19 pandemic increases uncertainty related to the global flow of goods (sporadic lockdowns etc.). The outlook for 2019/20 assumes that no unforeseen events occur causing supply or logistics disruptions.

SHARE CAPITAL REDUCTION COMPLETED DURING Q3

As adopted at the Annual General Meeting on 23 January 2020 and as confirmed by the Extraordinary General Meeting on 3 March 2020, RTX's share capital has been reduced by nominal DKK 1,500,000 via cancellation of 300,000 treasury shares acquired through share buy-back programmes. The reduction was finally completed and registered in Q3 (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 third quarter and first nine months of the financial year 2019/20 (covering the period 1 October 2019 to 30 June 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 30 June 2020 and of its financial performance and cash flow for the third quarter and first nine months 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, 24 August 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	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Revenue	3	158,485	148,873	399,511	403,243	560,273
Value of work transferred to assets	4	7,671	5,143	20,571	14,252	16,777
Costs of sales etc.		-72,585	-64,947	-171,825	-174,245	-243,403
Other external expenses		-13,501	-14,382	-40,574	-46,217	-61,107
Staff costs		-41,132	-44,989	-136,024	-133,676	-172,322
Operating profit/loss before depreciation and amortization (EBITDA)		38,938	29,698	71,659	63,357	100,218
Depreciation and amortization	4	-6,330	-3,449	-17,040	-9,710	-13,495
Operating profit/loss (EBIT)		32,608	26,249	54,619	53,647	86,723
Financial income	5	2,548	414	1,978	2,740	5,144
Financial expenses	5	-1,389	-1,257	-6,034	-770	-520
Profit/loss before tax		33,767	25,406	50,563	55,617	91,347
Tax of profit/loss for the period		-7,500	-5,433	-11,172	-11,893	-19,972
Profit/loss for the period		26,267	19,973	39,391	43,724	71,375
Earnings per share (EPS)						
Earnings per share (DKK)		3.1	2.3	4.7	5.1	8.4
Earnings per share, diluted (DKK)		3.1	2.3	4.7	5.1	8.3

Statement of Comprehensive Income

(non-audited)

Amounts in DKK '000	Note	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Profit/loss for the period		26,267	19,973	39,391	43,724	71,375
Items that may be reclassified subsequently to the income statement						
Exchange rate adjustments of foreign subsidiaries		-716	-282	-622	627	1,875
Fair value adjustment relating to hedging instruments		278	-	-874	-	-
Fair value of hedging instruments reclassified to the income statement		587	-	889	-	-
Tax on items that may be reclassified		-190	-	-3	-	-
Other comprehensive income, net of tax		-41	-282	-610	627	1,875
Comprehensive income for the period		26,226	19,691	38,781	44,351	73,250

Balance Sheet

(non-audited)

Amounts in DKK '000	30.06.20	30.06.19	30.09.19
ASSETS			
Own completed development projects	20,039	15,922	15,681
Own development projects in progress	34,701	27,305	26,865
Acquired license rights	264	1,319	1,055
Goodwill	7,797	7,797	7,797
Intangible assets	62,801	52,343	51,398
Right-of-use assets (lease assets)	36,927	-	-
Plant and machinery	9,432	8,482	7,892
Other fixtures, tools and equipment	4,269	2,623	3,391
Leasehold improvements	3,187	3,474	3,470
Tangible assets	53,815	14,579	14,753
Deposits	7,966	7,897	7,928
Deferred tax assets	1,562	-	1,644
Other non-current assets	9,528	7,897	9,572
Non-current assets	126,144	74,819	75,723
Inventories	19,359	21,054	21,814
Trade receivables	106,293	129,397	116,720
Contract development projects in progress	28,587	20,222	16,312
Income taxes	-	-	-
Other receivables	4,304	2,678	3,001
Prepaid expenses	4,487	3,695	3,005
Receivables	143,671	155,992	139,038
Current asset investments in the trading portfolio	153,042	153,086	153,149
Current asset investments	153,042	153,086	153,149
Cash at bank and in hand	57,490	36,868	73,556
Total current assets	373,562	367,000	387,557
Total assets	499,706	441,819	463,280

Amounts in DKK '000	30.06.20	30.06.19	30.09.19
EQUITY AND LIABILITIES			
Share capital	43,214	44,714	44,714
Share premium account	203,714	252,367	252,367
Retained earnings	81,394	27,031	50,359
Equity	328,322	324,112	347,440
Lease liabilities	34,112	-	-
Deferred tax	11,993	3,382	6,144
Provisions	1,305	905	1,305
Non-current liabilities	47,410	4,287	7,449
Lease liabilities	5,860	-	-
Prepayments received from customers	710	2,498	7,371
Trade payables	56,382	57,002	44,449
Contract development projects in progress	3,662	9,383	5,121
Income taxes	1,905	2,312	8,883
Provisions	1,415	1,115	1,441
Other payables	54,040	41,110	41,126
Current liabilities	123,974	113,420	108,391
Total liabilities	171,384	117,707	115,840
Total equity and liabilities	499,706	441,819	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	-	-	43,724	43,724
Exchange rate adjustments of foreign subsidiaries	-	-	627	627
Other comprehensive income, net of tax	-	-	627	627
Comprehensive income for the period	-	-	44,351	44,351
Share-based remuneration	-	-	4,474	4,474
Deferred tax on equity transactions	-	-	-1,765	-1,765
Current tax on equity transactions	-	-	1,489	1,489
Paid dividend for 2017/18	-	-	-17,136	-17,136
Acquisition of treasury shares	-	-	-20,026	-20,026
Other transactions	-	-	-32,964	-32,964
Equity at 30 June 2019	44,714	252,367	27,031	324,112

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	-	-	39,391	39,391
Exchange rate adjustments of foreign subsidiaries	-	-	-622	-622
Fair value adjustment relating to hedging instruments	-	-	-874	-874
Fair value of hedging instruments reclassified to the income statement	-	-	889	889
Tax on items that may be reclassified	-	-	-3	-3
Other comprehensive income, net of tax	-	-	-610	-610
Comprehensive income for the period	-	-	38,781	38,781
Share-based remuneration	-	-	4,039	4,039
Deferred tax on equity transactions	-	-	-875	-875
Current tax on equity transactions	-	-	2,632	2,632
Paid dividend for 2018/19	-	-	-20,960	-20,960
Cancellation of treasury shares	-1,500	-48,653	50,130	-23
Acquisition of treasury shares	-	-	-40,560	-40,560
Other transactions	-1,500	-48,653	-5,594	-55,747
Equity at 30 June 2020	43,214	203,714	81,394	328,322

Share capital of DKK 43,214,190 consists of 8,642,838 shares at DKK 5. The Group holds 301,522 treasury shares at 30 June 2020 (435,869 shares at 30 June 2019). There are no shares carrying special rights.

Cash Flow Statement

(non-audited)

Amounts in DKK '000	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Operating profit/loss (EBIT)	32,608	26,249	54,619	53,647	86,723
Reversal of items with no effect on cash flow					
Depreciation and amortization	6,330	3,449	17,040	9,710	13,495
Other items with no effect on cash flow	1,643	-303	3,477	3,478	7,661
Change in working capital					
Change in inventories	-1,477	-5,782	2,450	1,570	35
Change in receivables	-27,290	-11,955	-4,393	-11,023	5,931
Change in trade payables etc.	37,498	22,412	16,727	3,079	-8,847
Cash flow from operating activities	49,312	34,070	89,920	60,461	104,998
Financial income received	53	556	1,978	4,102	5,188
Financial expenses paid	-1,213	-110	-3,644	-384	-520
Income taxes paid	93	-32	-9,887	-1,742	-2,012
Cash flow from operations	48,245	34,484	78,367	62,437	107,654
Investments in own development projects	-7,631	-5,143	-19,381	-14,252	-15,518
Acquisition of property, plant and equipment	-2,496	-1,691	-6,580	-3,623	-5,364
Deposits on leaseholds	11	6	-38	-149	-180
Acquisition and sale of current asset investments in trading portfolio	-	-327	-1,839	-32,558	-31,379
Cash flow from investments	-10,116	-7,155	-27,838	-50,582	-52,441

Amounts in DKK '000	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Repayment of lease liabilities	-1,500	-	-4,325	-	-
Acquisition of treasury shares	-	-9,138	-40,560	-20,026	-27,219
Paid dividend	-	-	-20,960	-17,136	-17,136
Cash flow from financing activities	-1,500	-9,138	-65,845	-37,162	-44,355
Increase/decrease in cash and cash equivalents	36,629	18,191	-15,316	-25,307	10,858
Exchange rate correction on cash	-369	320	-750	102	625
Cash and cash equivalents at the beginning of the period, net	21,230	18,357	73,556	62,073	62,073
Cash and cash equivalents at the end of the period, net	57,490	36,868	57,490	36,868	73,556
Cash and cash equivalents at the end of the period, net, are composed as follows:					
Cash at bank and in hand	57,490	36,868	57,490	36,868	73,556
Cash and cash equivalents at the end of the period, net	57,490	36,868	57,490	36,868	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 9M 2019/20 the Group has entered into commercial hedging transactions. The derivatives are measured at fair value at 30 June 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 9M 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	-46,080	5,506	-40,574
EBITDA	66,153	5,506	71,659
Depreciation and amortization	-12,470	-4,570	-17,040
EBIT	53,683	936	54,619
Financial expenses	-4,796	-1,238	-6,034
Tax of profit/loss for the period	-11,239	67	-11,172
Profit/loss for the period	39,626	-235	39,391
BALANCE SHEET			
Right-of-use-assets (lease assets)	-	36,927	36,927
Retained earnings	83,793	-2,399	81,394
Lease liabilities	-	39,972	39,972
Deferred tax liabilities	12,638	-645	11,993
CASH FLOW			
Cash flow from operations	74,042	4,325	78,367
Cash flow from financing activities	-61,520	-4,325	-65,845
Net cash flow	-15,316	-	-15,316

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	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Revenue, business segments					
Business Communications	110,305	102,315	277,982	271,347	386,815
Design Services	48,180	46,558	121,529	131,896	173,458
Group	158,485	148,873	399,511	403,243	560,273
EBITDA					
Business Communications	30,616	23,578	66,342	53,637	84,738
Design Services	8,322	6,120	5,317	9,720	15,480
Group	38,938	29,698	71,659	63,357	100,218
EBIT					
Business Communications	27,208	21,980	57,297	49,022	78,496
Design Services	5,400	4,269	-2,678	4,625	8,227
Group	32,608	26,249	54,619	53,647	86,723

Notes

3 SEGMENT INFORMATION (CONTINUED)

Amounts in DKK '000	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Segment assets					
Business Communications	161,232	170,569	161,232	170,569	159,888
Design Services	126,395	79,145	126,395	79,145	76,607
Non-allocated items	212,079	192,105	212,079	192,105	226,785
Group	499,706	441,819	499,706	441,819	463,280
Revenue, geographical segments					
Denmark	1,386	748	4,558	5,906	6,340
France	27,306	28,971	84,826	89,499	119,227
USA	39,944	30,472	80,391	87,168	116,338
Other Europe	29,134	11,261	52,793	43,798	61,876
Hong Kong	22,091	6,894	49,744	17,943	39,428
Germany	14,497	14,257	49,597	43,872	60,150
Netherlands	10,906	44,092	42,243	75,020	104,264
Other Asia and Pacific	12,660	10,735	32,999	36,146	44,704
Other	561	1,443	2,360	3,891	7,946
Total	158,485	148,873	399,511	403,243	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	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Own development cost incurred before capitalization	11,540	10,387	34,880	29,261	38,993
Value of work transferred to assets (capitalized)	-7,671	-5,143	-20,571	-14,252	-16,777
Total amortization and impairment losses on development projects	2,898	1,658	7,187	4,375	6,322
Development costs recognized in the profit/loss account	6,767	6,902	21,496	19,384	28,538

5 FINANCIAL ITEMS

Amounts in DKK '000	Q3 2019/20	Q3 2018/19	9M 2019/20	9M 2018/19	FY 2018/19
Exchange rate gains (net)	-	-	-	-	2,297
Fair value adjustments of investments in trading portfolio	2,018	327	-	1,179	1,242
Other financial income	530	87	1,978	1,561	1,605
Financial income	2,548	414	1,978	2,740	5,144
Exchange rate losses (net)	987	1,147	2,437	386	-
Fair value adjustments of investments in trading portfolio	-	-	1,946	-	-
Financing element, IFRS 16	402	-	1,238	-	-
Other financial costs	-	110	413	384	520
Financial expenses	1,389	1,257	6,034	770	520