

# Project orders failing to materialise meant a loss for Roblon in Q1 2018/19

Interim report – Q1 2018/19 (the period 1 November 2018 – 31 January 2019)

# Roblon

Roblon A/S  
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CVR no. 57 06 85 15

## The Board of Directors of Roblon A/S has today considered and approved the interim report for Q1 2018/19

### Highlights of the Q1 interim report of the Roblon Group:

- Order intake of DKKm 62.9 (DKKm 48.7).
- Order book at 31 January 2019 of DKKm 50.6 (DKKm 34.4).
- Revenue of DKKm 55.0 (DKKm 63.9).
- Gross margin of 34.4% (48%). The reduced gross margin was a result of the low revenue, which in turn led to low productivity and a higher cost of sales.
- Operating profit/loss (EBIT) was a loss of DKKm 10.7 (profit of DKKm 10.5), negatively affected by the low revenue and gross margin.
- Loss before tax of DKKm 10.5 (profit of DKKm 11.5).
- Loss after tax for continuing operations of DKKm 8.2 (profit of DKKm 9.0).

### Outlook for 2018/19:

Half-way through the second quarter of the financial year, the level of activity is starting to rise. For Q2, Management expects a break-even result. Roblon's earnings for the 2018/19 financial year is expected to be realised in the second half.

Management expects revenue and profit before tax at the lower end of the previously guided ranges of revenue of DKKm 350-380 (2017/18: DKKm 221.8) and profit before tax of DKKm 24-30 (2017/18: DKKm 9.6). Management's guidance should be considered in light of a disappointing start to the financial year and the continuing uncertainty concerning the timing of project order intake. In addition to this, business volumes with a large customer in the wind turbine industry is subject to increased uncertainty.

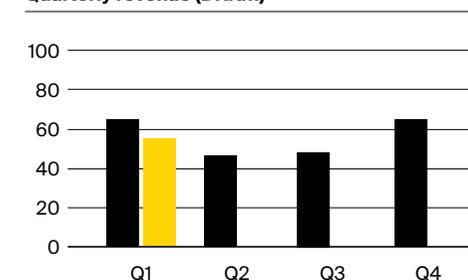
Roblon A/S

Jørgen Kjær Jacobsen  
Chairman of the Board

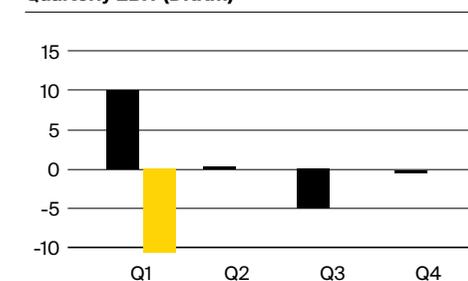
Lars Østergaard  
Managing Director and CEO

**Enquiries regarding this announcement should be addressed to:**  
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Quarterly revenue (DKKm)



Quarterly EBIT (DKKm)



■ 2017/18 ■ 2018/19

# Financial highlights

for the Roblon Group

|   | Unit | Q1<br>2018/19 <sup>1</sup> | Q1<br>2017/18 <sup>1</sup> | FY<br>2017/18 <sup>1</sup> |
|---|------|----------------------------|----------------------------|----------------------------|
| <b>Orders</b>   |      |                            |                            |                            |
| Order intake  | DKKm | 62.9                       | 48.7                       | 226.9                      |
| Order book  | DKKm | 50.6                       | 34.4                       | 57.7                       |
| <b>Income statement</b>                                 |      |                            |                            |                            |
| Revenue   | DKKm | 55.0                       | 63.9                       | 221.8                      |
| Gross profit  | DKKm | 18.9                       | 31.1                       | 97.5                       |
| Operating profit/loss (EBIT)                            | DKKm | -10.7                      | 10.5                       | 5.8                        |
| Net financial income                                    | DKKm | 0.2                        | 1.0                        | 3.8                        |
| Profit/loss before tax from continuing operations       | DKKm | -10.5                      | 11.5                       | 9.6                        |
| Profit/loss for the period from continuing operations   | DKKm | -8.2                       | 9.0                        | 7.7                        |
| Profit/loss for the period from discontinued operations | DKKm | -                          | -0.5                       | 6.9                        |
| Profit/loss for the period                              | DKKm | -8.2                       | 8.5                        | 14.5                       |
| <b>Balance sheet</b>                                    |      |                            |                            |                            |
| Cash and securities                                     | DKKm | 96.4                       | 88.6                       | 122.3                      |
| Total assets  | DKKm | 262.4                      | 286.0                      | 290.8                      |
| Equity  | DKKm | 223.9                      | 242.5                      | 248.3                      |
| Working capital   | DKKm | 51.4                       | 50.9                       | 55.9                       |
| <b>Cash flows</b>                                       |      |                            |                            |                            |
| Cash flow from operating activities                     | DKKm | -3.2                       | 6.6                        | 37.1                       |
| Cash flow from investing activities                     | DKKm | 22.7                       | 15.1                       | -22.2                      |
| Of which investment in marketable securities            | DKKm | 29.6                       | 17.4                       | -26.5                      |
| Of which investment in property plant and equipment     | DKKm | -3.4                       | -0.9                       | 6.0                        |
| Cash flow from financing activities                     | DKKm | -16.0                      | -16.0                      | -17.9                      |
| Cash flow for the period                                | DKKm | 3.5                        | 5.7                        | -3.0                       |

|  | Unit | Q1<br>2018/19 <sup>1</sup> | Q1<br>2017/18 <sup>1</sup> | FY<br>2017/18 <sup>1</sup> |
|--|------|----------------------------|----------------------------|----------------------------|
| <b>Ratios</b>  |      |                            |                            |                            |
| Book-to-bill ratio                                   | %    | 114.4                      | 76.2                       | 102.3                      |
| Revenue growth                                       | %    | -13.9                      | 85.2                       | 11.7                       |
| Gross margin   | %    | 34.4                       | 48.7                       | 44.0                       |
| EBIT margin  | %    | -19.5                      | 16.4                       | 2.6                        |
| ROIC/return on average invested capital <sup>2</sup> | %    | -32.7                      | 26.3                       | 4.7                        |
| Equity ratio   | %    | 85.3                       | 84.8                       | 85.4                       |
| Return on equity <sup>2</sup>                        | %    | -13.9                      | 14.6                       | 5.8                        |
| <b>Employment<sup>3</sup></b>                        |      |                            |                            |                            |
| Average no. of full-time employees                   | No.  | 114                        | 88                         | 96                         |
| Gross profit per full-time employee                  | DKKm | 0.2                        | 0.4                        | 1.0                        |
| <b>Per share ratios</b>                              |      |                            |                            |                            |
| Earnings per DKK 20 share (EPS) <sup>2</sup>         | DKK  | -4.6                       | 4.8                        | 8.1                        |
| Price/earnings ratio (PE)                            | DKK  | -54.3                      | 72.5                       | 32.2                       |
| Cash flow from operations per DKK 20 share           |      | -1.8                       | 3.7                        | 20.7                       |
| Book value of shares <sup>2</sup>                    | DKK  | 125.2                      | 135.6                      | 139.0                      |
| Market price per share                               | DKK  | 250.0                      | 348.0                      | 261.0                      |
| Price/book value                                     |      | 2.0                        | 2.6                        | 1.9                        |

<sup>1</sup> The interim report has not been audited or reviewed by the company's auditors.

<sup>2</sup> The ratio is calculated on a full-year basis.

<sup>3</sup> Continuing operations.

The ratios are defined in note 37 to the 2017/18 annual report, Financial ratio definitions and formulas.

# Management's review

## Consolidated income statement

The Roblon Group has the following two product groups:

- **FOC** (comprising cable materials and cable machinery for the fibre optic cable industry)
- **Composite** (comprising composite materials for onshore and offshore industries)

The Group's revenue, gross margin and results for Q1 2018/19 did not meet expectations.

### Order intake

The Group's order intake amounted to DKKm 62.9 in Q1 2018/19 (2017/18: DKKm 48.7).

The order intake was below Management's expectations for Q1 2018/19.

Book-to-bill was 114.4% for Q1 2018/19 (2017/18: 76.2%).

### Revenue

For Q1 2018/19, Roblon realised revenue of DKKm 55.0 (2017/18: DKKm 63.9).

Management expected a significantly higher revenue level for Q1 2018/19, but the order intake was reduced by the postponement of project orders.

## Gross profit and gross margin

The Group's gross profit amounted to DKKm 18.9, which was a decrease of DKKm 12.2 compared with Q1 2017/18. The gross margin for Q1 2018/19 amounted to 34.4% compared to 48.7% last year. The negative Q1 development was due to the revenue mix and resulting relatively higher cost of sales.

### Other external costs

Other external amounted to DKKm 10.1, which was an increase of DKKm 2.6 compared with last year, mainly attributable to a higher level of activity in the US subsidiary.

### Staff costs

Staff costs increased from DKKm 11.8 in Q1 2017/18 to DKKm 18.7 in Q1 2018/19. The increase was mainly due to the takeover of production staff in the US subsidiary, who were previously sourced via an external partner.

### Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment amounted to DKKm 2.8, which was an increase of DKKm 0.6 compared with last year. Of the total increase, DKKm 0.5 related to amortisation, depreciation and impairment of intangible assets and property, plant and equipment added through the Group's investments in the US subsidiary.

## Operating profit/loss (EBIT)

For Q1 2018/19, (EBIT) was a loss of DKKm 10.7, against a profit of DKKm 10.5 in the year-earlier period.

Earnings for Q1 fell considerably short of expectations, mainly due to realised revenue being significantly lower than expected. More than 50% of the deviation from the revenue and earnings expectations was related to postponed order intake from project sales to customers in the Composite product group.

### Net financial items

Financial items amounted to net income of DKKm 0.2 (2017/18: DKKm 1.0). The low return must be seen against the backdrop of a challenging market for return on invested funds.

### Profit/loss before tax

For Q1 2018/19, the Group posted a loss before tax of DKKm 10.5 (2017/18: DKKm 11.5).

### Tax

Tax is calculated at a rate of 22% of profit for the year before tax.

### Profit/loss for the period

A loss of DKKm 8.2 was realised for Q1 2018/19, against a profit of DKKm 8.5 for the year-earlier period.

## Consolidated balance sheet

Total assets for the Group amounted to DKKm 262.4 at 31 January 2019, reduced by DKKm 23.6 from DKKm 286.0 at 31 January 2018.

The Group's working capital at 31 January 2019 was DKKm 51.4, increased from DKKm 50.9 at 31 January 2018.

Total investment in intangible assets amounted to DKKm 3.5 for Q1 2018/19, against DKKm 1.4 last year. Investments in property, plant and equipment increased to DKKm 3.4 in Q1 2018/19 from DKKm 1.0 in the year-earlier period.

The Group's equity stood at DKKm 223.9 at 31 January 2019, against DKKm 242.5 at 31 January 2018. The equity ratio at 31 January 2019 was 85.3%, against 84.8% last year.

## Consolidated cash flows

The Group's net cash flow from operating activities in Q1 2018/19 was an outflow of DKKm 3.2, against an inflow of DKKm 6.6 last year.

Securities were sold in Q1 2018/19, resulting in a net cash inflow of DKKm 22.7 from the Group's investing activities, against a net cash inflow of DKKm 15.1 last year.

The net cash flow from financing activities, related to dividend payments, was an outflow of DKKm 16.0 in Q1 2018/19, in line with last year.

**Capital resources**

At 31 January 2019, marketable securities and net cash amounted to DKKm 96.4, against DKKm 88.6 last year. In addition to this, Roblon has an undrawn credit facility of DKKm 10.0 with the Group's bankers.

**Outlook for 2018/19**

Half-way through the second quarter of the financial year, the level of activity is starting to rise. For Q2, Management expects a break-even result. Roblon's earnings for the 2018/19 financial year is expected to be realised in the second half.

Management expects revenue and profit before tax at the lower end of the previously guided ranges of revenue of DKKm 350-380 (2017/18: DKKm 221.8) and profit before tax of DKKm 24-30 (2017/18: DKKm 9.6).

Management guidance for 2018/19 should be considered in light of the following significant factors:

- The postponements of Composite orders by large customers were principally due to local political issues. A period of stalled decision-making has directly affected the order situation in parts of the offshore industry, which is where Roblon's Composite products are used. Management received news at the beginning of the year indicating that the situation

has stabilised towards near-normal conditions and furthermore has specific knowledge of projects that will result in the expected orders materialising. The timing remains uncertain, however.

- Full-year sales of Roblon's Composite products for the wind turbine industry are expected to be significantly below the level guided at the beginning of the financial year, as the product group's largest customer suspended production in February and March 2019.
- After several years' development work, Roblon has developed and secured approval of a fibre-based component for use in energy cables to be laid over long distances. Roblon has received its first part-project order of approximately DKKm 5, and additional orders are expected to be placed during the financial year.
- The US FOC market is experiencing strong growth. In the past quarter, Roblon signed several sales and partnership agreements with selected strategic customers, and Roblon's US subsidiary installed additional production capacity in response to the growing demand.

**Forward-looking statements**

The above forward-looking statements, in particular revenue and earnings projections, are inherently uncertain and subject to risk. Many factors are beyond Roblon's control and, consequently, actual results may differ significantly from the projections expressed in this interim report. Such factors include, but are not limited to, changes in market and competitive situation, changes in demand and purchasing behaviour, foreign exchange and interest rate fluctuations and general economic, political and commercial conditions.

Roblon's sales are characterised by a structure based on project sales. This makes it difficult at any given time to forecast future revenue for a specific period, i.e. three-month, six-month or 12-month periods.

**Financial calendar**

|             |                               |
|-------------|-------------------------------|
| 27/6 2019:  | Interim report for Q2 2018/19 |
| 11/9 2019:  | Interim report for Q3 2018/19 |
| 20/12 2019: | Preliminary statement 2018/19 |
| 23/1 2020:  | Annual General Meeting        |

**Announcements – NASDAQ Copenhagen**

During the period 1 November 2018 to 12 March 2019, the company sent the following announcements to NASDAQ Copenhagen; these can be found on the company's website, [www.roblon.com](http://www.roblon.com).

|              |   |
|--------------|---|
| No. 11/2018: | Downgrade 2017/18                       |
| No. 12/2018: | Preliminary Statement 2016/17           |
| No. 13/2018: | Notice convening AGM                    |
| No. 1/2019:  | Decisions of the Annual General Meeting |

# Statement by the Management

The Board of Directors and Executive Management today considered and approved the interim report of Roblon A/S for Q1 2018/19 (the period 1 November 2018 to 31 January 2019).

The interim report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements under the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 31 January 2019 and of the results of the Group's operations and cash flows for Q1 2018/19.

Furthermore, in our opinion the management's review includes a fair review of the development and performance of the Group's business, results for the period and the Group's financial position together with a description of the principal risks and uncertainties that the Group faces.

Frederikshavn, 12 March 2019

## **Executive Management**

Lars Østergaard  
Managing Director and CEO

Carsten Michno  
Chief Financial Officer (CFO)

Kim Müller  
Chief Operating Officer (COO)

## **Board of Directors**

Jørgen Kjær Jacobsen  
Chairman

Ole Lønsmann Andersen  
Deputy Chairman

Peter Sloth Vagner Karlsen

Randi Toftlund Pedersen

Nita Svendsen  
Employee representative

Flemming Nielsen  
Employee representative

# Consolidated income statement

for the period 1 November 2018 to 31 January 2019

| DKKkm  | Note | Q1<br>2018/19 | Q1<br>2017/18 | FY<br>2017/18 |
|--|------|---------------|---------------|---------------|
| Revenue  | 4    | 55.0          | 63.9          | 221.8         |
| Cost of sales  |      | -36.1         | -32.8         | -124.4        |
| <b>Gross profit</b>  |      | <b>18.9</b>   | <b>31.1</b>   | <b>97.4</b>   |
| Work carried out for own account and capitalised             |      | 1.3           | 0.7           | 3.1           |
| Other operating income                                       |      | 0.7           | 0.2           | 2.2           |
| Other external costs   |      | -10.1         | -7.5          | -35.2         |
| Staff costs  |      | -18.7         | -11.8         | -51.6         |
| Depreciation, amortisation and impairment                    |      | -2.8          | -2.2          | -10.2         |
| <b>Operating profit/loss (EBIT)</b>                          |      | <b>-10.7</b>  | <b>10.5</b>   | <b>5.7</b>    |
| Financial income, net  |      | 0.2           | 1.0           | 3.8           |
| <b>Profit/loss before tax (PBT)</b>                          |      | <b>-10.5</b>  | <b>11.5</b>   | <b>9.5</b>    |
| Tax on profit/loss for the period                            |      | 2.3           | -2.5          | -1.9          |
| <b>Profit/loss for the period from continuing operations</b> |      | <b>-8.2</b>   | <b>9.0</b>    | <b>7.6</b>    |
| Profit/loss for the period from discontinued operations      |      | -             | -0.5          | 6.9           |
| <b>Profit/loss for the period</b>                            |      | <b>-8.2</b>   | <b>8.5</b>    | <b>14.5</b>   |
| <b>Earnings per share (DKK)</b>                              |      |               |               |               |
| Earnings per share (EPS), continuing operations              |      | -4.6          | 5.0           | 4.3           |
| Earnings per share, diluted (EPS-D), continuing operations   |      | -4.6          | 5.0           | 4.3           |

# Consolidated statement of comprehensive income

for the period 1 November 2018 to 31 January 2019

| DKKkm  | Note | Q1<br>2018/1 | Q1<br>2017/18 | FY<br>2017/18 |
|--|------|--------------|---------------|---------------|
| <b>Profit/loss for the period</b>                            |      | <b>-8.2</b>  | <b>8.5</b>    | <b>14.5</b>   |
| <i>Items that may be recycled to profit or loss:</i>         |      |              |               |               |
| Fair value adjustment of available-for-sale financial assets |      | 0.2          | -0.9          | -1.7          |
| Foreign exchange adjustment of foreign subsidiaries          |      | -0.5         | -1.6          | 0.7           |
| Tax on other comprehensive income                            |      | -            | 0.2           | 0.4           |
| <b>Comprehensive income</b>                                  |      | <b>-8.5</b>  | <b>6.2</b>    | <b>13.9</b>   |

# Consolidated balance sheet

at 31 January 2019

| DKKm   | 31/01/2019   | 31/01/2018   | 31/10/2018   |
|--|--------------|--------------|--------------|
| <b>ASSETS</b>                                    |              |              |              |
| Completed development projects                   | 0.8          | 1.6          | 1.0          |
| Development projects in progress                 | 5.3          | 3.2          | 5.0          |
| Trademarks, licenses and customer relations      | 16.4         | 8.1          | 17.1         |
| Other intangible assets                          | 7.9          | -            | 4.6          |
| <b>Intangible assets</b>                         | <b>30.4</b>  | <b>12.9</b>  | <b>27.7</b>  |
| Land and buildings                               | 22.1         | 24.2         | 22.7         |
| Plant and machinery                              | 22.0         | 17.7         | 21.7         |
| Other fixtures and fittings, tools and equipment | 0.8          | 1.1          | 0.9          |
| Property, plant and equipment in progress        | 3.5          | 1.5          | 2.1          |
| <b>Property, plant and equipment</b>             | <b>48.4</b>  | <b>44.5</b>  | <b>47.4</b>  |
| <b>Financial assets</b>                          | <b>-</b>     | <b>1.4</b>   | <b>-</b>     |
| <b>Total non-current assets</b>                  | <b>78.8</b>  | <b>58.8</b>  | <b>75.1</b>  |
| Inventories                                      | 45.6         | 37.9         | 41.5         |
| Trade receivables                                | 33.6         | 32.4         | 47.8         |
| Corporation tax receivable                       | 1.9          | -            | -            |
| Other receivables                                | 6.1          | 3.4          | 4.0          |
| Securities                                       | 81.4         | 68.5         | 110.8        |
| Cash and cash and cash equivalents               | 15.0         | 20.1         | 11.5         |
| Assets held for sale                             | -            | 64.9         | -            |
| <b>Total current assets</b>                      | <b>183.6</b> | <b>227.2</b> | <b>215.6</b> |
| <b>TOTAL ASSETS</b>                              | <b>262.4</b> | <b>286.0</b> | <b>290.7</b> |

| DKKm   | 31/01/2019   | 31/01/2018   | 31/10/2018   |
|--|--------------|--------------|--------------|
| <b>EQUITY AND LIABILITIES</b>                |              |              |              |
| Share capital                                | 35.8         | 35.8         | 35.8         |
| Other reserves                               | -2.0         | -5.8         | -1.7         |
| Retained earnings                            | 190.1        | 212.5        | 214.3        |
| <b>Equity</b>                                | <b>223.9</b> | <b>242.5</b> | <b>248.4</b> |
| Deferred tax                                 | 4.6          | 4.9          | 4.6          |
| Other provisions                             | 0.7          | 0.6          | 0.4          |
| <b>Total non-current liabilities</b>         | <b>5.3</b>   | <b>5.5</b>   | <b>5.0</b>   |
| Advance payments from customers              | 2.4          | 0.1          | 2.3          |
| Trade payables                               | 24.5         | 16.4         | 27.1         |
| Income tax                                   | -            | 0.9          | 0.4          |
| Other payables                               | 6.3          | 5.7          | 7.5          |
| Liabilities relating to assets held for sale | -            | 14.9         | -            |
| <b>Total current liabilities</b>             | <b>33.2</b>  | <b>38.0</b>  | <b>37.3</b>  |
| <b>Total liabilities</b>                     | <b>38.5</b>  | <b>43.5</b>  | <b>42.3</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <b>262.4</b> | <b>286.0</b> | <b>290.7</b> |

# Consolidated statement of changes in equity

| DKKkm  | Share capital | Currency translation reserve | Reserve for available-for-sale financial assets | Retained earnings | Proposed dividends | Total equity |
|--|---------------|------------------------------|---|-------------------|--------------------|--------------|
| <b>Q1 2018/19</b>                                |               |                              |   |                   |                    |              |
| Equity at 1 November 2018                        | 35.8          | -1.6                         | -0.1  | 196.4             | 17.9               | 248.4        |
| <b>Comprehensive income for the period</b>       |               |                              |   |                   |                    |              |
| Profit/loss for the period                       | -             | -                            | -   | -8.2              | -                  | -8.2         |
| Other comprehensive income                       | -             | -0.5                         | 0.2   | -                 | -                  | -0.3         |
| <b>Total comprehensive income for the period</b> | <b>-</b>      | <b>-0.5</b>                  | <b>0.2</b>                                      | <b>-8.2</b>       | <b>-</b>           | <b>-8.5</b>  |
| <b>Transactions with owners</b>                  |               |                              |   |                   |                    |              |
| Distributed dividends                            | -             | -                            | -   | -                 | -16.0              | -16.0        |
| <b>Equity at 31 January 2019</b>                 | <b>35.8</b>   | <b>-2.1</b>                  | <b>0.1</b>                                      | <b>188.2</b>      | <b>1.9</b>         | <b>223.9</b> |
| <b>Q1 2017/18</b>                                |               |                              |   |                   |                    |              |
| Equity at 1 November 2017                        | 35.8          | -2.3                         | 1.2   | 199.8             | 17.9               | 252.4        |
| <b>Comprehensive income for the period</b>       |               |                              |   |                   |                    |              |
| Profit/loss for the period                       | -             | -                            | -   | 8.5               | -                  | 8.5          |
| Other comprehensive income                       | -             | -1.6                         | -0.8  | -                 | -                  | -2.4         |
| <b>Total comprehensive income for the period</b> | <b>-</b>      | <b>-1.6</b>                  | <b>-0.8</b>                                     | <b>8.5</b>        | <b>-</b>           | <b>6.1</b>   |
| <b>Transactions with owners</b>                  |               |                              |   |                   |                    |              |
| Distributed dividends                            | -             | -                            | -   | -                 | -16.0              | -16.0        |
| <b>Equity at 31 January 2018</b>                 | <b>35.8</b>   | <b>-3.9</b>                  | <b>0.4</b>                                      | <b>208.3</b>      | <b>1.9</b>         | <b>242.5</b> |

| DKKkm  | Share capital | Currency translation reserve | Reserve for available-for-sale financial assets | Retained earnings | Proposed dividends | Total equity |
|--|---------------|------------------------------|---|-------------------|--------------------|--------------|
| <b>2017/18</b>                                   |               |                              |   |                   |                    |              |
| Equity at 1 November 2017                        | 35.8          | -2.3                         | 1.2   | 199.8             | 17.9               | 252.4        |
| <b>Comprehensive income for the period</b>       |               |                              |   |                   |                    |              |
| Profit/loss for the period                       | -             | -                            | -   | -3.4              | 17.9               | 14.5         |
| Other comprehensive income                       | -             | 0.7                          | -1.3  | -                 | -                  | -0.6         |
| <b>Total comprehensive income for the period</b> | <b>-</b>      | <b>0.7</b>                   | <b>-1.3</b>                                     | <b>-3.4</b>       | <b>17.9</b>        | <b>13.9</b>  |
| <b>Transactions with owners</b>                  |               |                              |   |                   |                    |              |
| Dividends paid                                   | -             | -                            | -   | -                 | -17.9              | -17.9        |
| <b>Equity at 31 October 2018</b>                 | <b>35.8</b>   | <b>-1.6</b>                  | <b>-0.1</b>                                     | <b>196.4</b>      | <b>17.9</b>        | <b>248.4</b> |

# Statement of cash flows

for the period 1 November 2018 – 31 January 2019

| DKKkm   | Spec. | Q1<br>2018/19 | Q1<br>2017/18 | FY<br>2017/18 |
|---|-------|---------------|---------------|---------------|
| Operating profit/loss (EBIT) from continuing operations   |       | -10.7         | 10.5          | 5.8           |
| Operating profit/loss (EBIT) from discontinued operations |       | -             | -0.6          | -0.8          |
| <b>Operating profit/loss (EBIT)</b>                       |       | <b>-10.7</b>  | <b>9.9</b>    | <b>5.0</b>    |
| Adjustment for non-cash items                             | A     | 3.1           | 1.8           | 10.1          |
| Change in working capital                                 | B     | 4.3           | -0.5          | 25.8          |
| <b>Cash generated from operations</b>                     |       | <b>3.3</b>    | <b>11.2</b>   | <b>40.9</b>   |
| Financial income received                                 |       | 0.2           | 0.6           | 3.6           |
| Financial expenses paid                                   |       | -0.1          | -             | -             |
| Income tax paid   |       | -             | -5.2          | -7.3          |
| <b>Cash flow from operating activities</b>                |       | <b>-3.2</b>   | <b>6.6</b>    | <b>37.2</b>   |
| Purchase of intangible assets                             |       | -3.5          | -1.4          | -16.6         |
| Sale of intangible assets                                 |       | -             | -             | 5.2           |
| Purchase of securities                                    |       | -2.5          | -0.6          | -60.0         |
| Sale of securities  |       | 32.1          | 18.0          | 33.5          |
| Proceeds from sale of division                            |       | -             | -             | 9.6           |
| Purchase of property, plant and equipment                 |       | -3.4          | -1.0          | -9.3          |
| Sale of property, plant and equipment                     |       | -             | 0.1           | 15.3          |
| <b>Cash flow from investing activities</b>                |       | <b>22.7</b>   | <b>15.1</b>   | <b>-22.3</b>  |
| Dividends paid  |       | -16.0         | -16.0         | -17.9         |
| <b>Cash flow from financing activities</b>                |       | <b>-16.0</b>  | <b>-16.0</b>  | <b>-17.9</b>  |
| <b>Change in cash and cash equivalents</b>                |       | <b>3.5</b>    | <b>5.7</b>    | <b>-3.0</b>   |
| Cash and cash equivalents at 1 January                    |       | 11.5          | 14.6          | 14.6          |
| Value adjustment of cash and cash equivalents             |       | -             | -0.2          | -0.1          |
| <b>Cash and cash equivalents at end of period</b>         |       | <b>15.0</b>   | <b>20.1</b>   | <b>11.5</b>   |

| DKKkm  | Q1<br>2018/19 | Q1<br>2017/18 | FY<br>2017/18 |
|--|---------------|---------------|---------------|
| <b>Spec. A: Adjustments for non-cash items</b> |               |               |               |
| Depreciation and amortisation                  | 2.8           | 2.5           | 10.5          |
| Provisions                                     | 0.2           | -             | -0.3          |
| Foreign exchange adjustment                    | 0.1           | -0.7          | -0.1          |
|  | <b>3.1</b>    | <b>1.8</b>    | <b>10.1</b>   |
| <b>Spec. B: Change in working capital</b>      |               |               |               |
| Change in inventories                          | -4.1          | -0.4          | 32.7          |
| Change in receivables                          | 12.1          | 7.4           | 0.7           |
| Change in current liabilities                  | -3.7          | -7.5          | -7.6          |
|  | <b>4.3</b>    | <b>-0.5</b>   | <b>25.8</b>   |

# Notes to the financial statements

1. Accounting policies
2. Estimates
3. Seasonality
4. Segment information

## Note 1 – Accounting policies

The interim report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies. No interim report has been prepared for the parent company.

The accounting policies applied in the interim report are consistent with those applied in Roblon’s annual report for 2017/18, which was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

For a more detailed description of the accounting policies, see the annual report for 2017/18.

New or amended standards and interpretations which have come into force effective for the financial year 2018/19 have no effect on recognition and measurement.

## Note 2 – Estimates

The preparation of interim reports requires Management to make accounting estimates that will affect

the accounting policies and recognised assets, liabilities, income and costs. Actual results may differ from these estimates.

The most significant estimates made by Management in applying the Group’s accounting policies and the most significant uncertainties associated therewith in preparing the condensed interim report are identical to those applying to the preparation of the annual report for 2017/18.

## Note 3 – Seasonality

The Group’s activities in the interim report have not been affected by seasonal or cyclical fluctuations.

## Note 4 – Segment reporting

Roblon’s management reporting is based on one segment comprising the following product groups:

- FOC (comprising cable materials and cable machinery for the fibre optic cable industry)
- Composite (comprising composite materials for onshore and offshore industries)

| DKKm                                    | Q1<br>2018/19 | Q1<br>2017/18 | FY<br>2017/18 |
|---|---------------|---------------|---------------|
| <b>4. Segment reporting, continued</b>  |               |               |               |
| <b>Revenue from external customers:</b> |               |               |               |
| <b>By product groups</b>                |               |               |               |
| FOC                                     | 28.3          | 39.0          | 125.5         |
| Composite                               | 26.7          | 24.9          | 96.3          |
| <b>Total</b>                            | <b>55.0</b>   | <b>63.9</b>   | <b>221.8</b>  |
| <b>By geographical markets</b>          |               |               |               |
| Denmark                                 | 0.5           | 7.6           | 12.3          |
| United Kingdom                          | 5.2           | 11.7          | 37.0          |
| Portugal                                | 21.7          | -             | 17.6          |
| Rest of Europe                          | 9.9           | 21.5          | 54.6          |
| Asia                                    | 2.7           | 2.0           | 15.6          |
| Brazil                                  | 0.1           | 9.4           | 27.8          |
| Latin America                           | 4.3           | 5.7           | 17.0          |
| USA                                     | 10.6          | 6.0           | 39.9          |
| <b>Total</b>                            | <b>55.0</b>   | <b>63.9</b>   | <b>221.8</b>  |

Of the Group’s non-current assets, DKKm 52.5 were located in Denmark (2017/18: DKKm 44.2) and DKKm 26.3 in North America (2017/18: DKKm 14.6).

The Group’s revenue largely derived from the sale of goods.

Of the Group’s total revenue, DKKm 21.7 could be attributed to one customer (2017/18: DKKm 20.0 attributable to two customers). Revenue from these customers constituted more than 10% of the Group’s total revenue for Q1 2018/19 and 2017/18, respectively.