

9 December 2021

Roblon strengthens business through acquisition and establishment in Czech Republic and presents 2021/22 earnings guidance and financial targets

Highlights

- Roblon has today signed an agreement to acquire Vamafil spol. s.r.o., which is centrally located in the Czech Republic between Prague and Brno – more specifically in Žďár nad Sázavou. The acquisition date is 3 January 2022 and the completion of the transaction is subject to confirmatory due diligence on a couple of matters, retention of management and other customary closing conditions.
- The acquisition is a step in Roblon's growth strategy within its core business, the fibre optic cable industry, and is expected to lift the Group's revenue and earnings.
- Roblon's Management announces its earnings guidance for the financial year ending 31 October 2022 and maintains the previously announced financial targets.

Company acquisition

Vamafil spol. s.r.o.

Vamafil is an established company specialising in supplying high-performance fibre converting services (treatment and processing of fibres) to European customers, including fibre manufacturers and companies that use high-performance fibres in their production. A recognised leading industry player, Vamafil is known for its quality and flexibility in its business segment. The company has annual revenue of between EURm 4.5 and EURm 5 and satisfactory earnings.

Roblon intends to continue the development of Vamafil's existing business area. In addition, the acquisition of Vamafil will facilitate Roblon's growth in its core business within the fibre optic cable industry and strengthen competitiveness and profitability by relocating selected parts of its production facilities from Denmark to the Czech Republic.

With the relocation, Roblon will moreover move geographically closer to the majority of the manufacturers in the European fibre optic cable industry. This means that Roblon's position will be comparable to that achieved in the USA with the Company's location in North Carolina. In view of the current COVID-19 resurgence, the planned relocation will be initiated once the spread of the virus has stabilised and the risk of travel restrictions in the Czech Republic and Denmark has been reduced. The relocation is expected to proceed in mid-spring 2022 and be completed by the end of 2022.

Vamafil has a modern, approximately 15,000 sqm. factory centrally located in the Czech Republic between Prague and Brno and around 100 employees. The local management team and staff will remain in place after Roblon's acquisition.

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The agreed acquisition price for the shares is EURm 8 (approx. DKKm 59.6), payable in cash on the acquisition date, 3 January 2022. The agreed acquisition price includes land and buildings. Adjustment will be made for net debt and normalisation of working capital at the acquisition date.

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Roblon has secured DKKm 75 in long-term credit facilities to support the acquisition of Vamafil and the Group's growth strategy in general.

Guidance for 2021/22

Management expects growth in the Group's revenue and earnings in the 2021/22 financial year. This is based, among other things, on the following significant factors:

- Revenue is expected to increase in the FOC product group in the US, where Roblon is well positioned. Demand for the Group's products continues to rise in this growth market. Over the past 18 months, Roblon has ramped up its production capacity through a major investment programme, and the Company is planning further investments and productivity enhancements in the future.
- In the Composite product group, Management expects revenue to be on a par with the financial year 2020/21.
- Roblon's acquisition of Vamafil on 9 December 2021 effective at 3 January 2022.
- Vamafil is expected to contribute revenue of around DKKm 30-35 and an operating profit (EBIT) in the 2021/22 financial year.

Short-term expectations are subject to a high degree of uncertainty in light of the continuing impact of COVID-19 on all markets as well as continued supply problems regarding certain raw materials and logistical challenges. The 2021/22 financial year will also extraordinarily be affected by the integration of the acquired Czech business and relocation and installation of selected parts of the production facilities from Denmark and the Czech Republic.

Revenue and earnings guidance for 2021/22:

- Revenue in the range of DKKm 330-270 (guidance for 2020/21: around DKKm 250)
- Operating profit before amortisation, depreciation and impairment and exceptional items (EBITDA) in the range of DKKm 8-27 (guidance for 2020/21: a loss of around DKKm 13)
- Operating profit/loss before exceptional items (EBIT) in the range of a loss of DKKm 19 to DKKm 0 (guidance for 2020/21: a loss of around DKKm 33)
- Exceptional items relating to restructuring costs of around DKKm 8 (DKKm 0)

Financial targets

Assuming normal economic conditions, Roblon's financial targets remain as follows:

- Average annual revenue growth of at least 15 %
- An average annual EBIT margin of at least 10 %
- Average annual EPS growth of at least 15 %
- A return on invested capital (ROIC) before tax of at least 20 %

Sale of head office

In early 2020, the Group decided to put its head office in Frederikshavn up for sale. There are currently no potential buyers of the buildings, but the sales process continues. After the sale, the Group's Danish activities will be centred at Roblon's facilities in Gærum, which currently house production and various administrative functions. As well as generating positive synergies in the day-to-day operations, this initiative is also expected to have a positive impact on Roblon's results and equity going forward.

Forward-looking statements

Varying proportions of Roblon's sales are attributable to the Composite product group, which is characterised by a project sales structure. This makes it difficult at any given time to forecast total future revenue for a specific period, i.e. three-month, six-month or 12-month periods.

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 actual results may consequently differ significantly from the projections expressed in the above earnings guidance. 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.

Frederikshavn, 9 December 2021
Roblon A/S

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