Roblon

Annual report 2017/2018

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Financial highlights

	Unit	2017/18	2016/17	2015/16	2014/15	2013/14
Orders						
Order intake, continuing operations	DKKm	226.9	220.4	173.8	116.7	145.8
Order book, continuing operations	DKKm	54.7	48.9	28.8	16.5	33.6
Income statement						
Revenue, continuing operations	DKKm	221.8	198.6	161.3	134.6	152.5
Revenue, discontinued operations	DKKm	27.2	98.4	90.3	93.1	107.3
Revenue, total	DKKm	249.0	297.0	251.6	227.7	259.8
Gross profit, continuing operations	DKKm	97.5	104.6	87.9	81.2	92.4
Operating profit (EBIT), continuing operations	DKKm	5.8	19.6	26.0	19.8	37.9
Net financial items, continuing operations	DKKm	3.8	2.0	0.7	1.9	2.0
Profit before tax from continuing operations	DKKm	9.6	21.6	26.7	21.7	39.9
Profit/loss before tax from discontinued operations	DKKm	8.8	5.9	-1.3	2.3	13.4
Total profit before tax	DKKm	18.4	27.5	25.4	24.0	53.3
Profit for the year from continuing operations	DKKm	7.7	15.6	20.9	16.7	30.2
Profit for the year from discontinued operations	DKKm	6.9	4.6	-0.9	1.7	10.2
Total profit for the year	DKKm	14.5	20.2	20.0	18.4	40.4
Balance sheet						
Assets	DKKm	290.8	306.4	300.6	287.4	300.6
Working capital	DKKm	55.9	50.9	31.8	33.1	50.5
Share capital	DKKm	35.8	35.8	35.8	35.8	35.8
Invested capital	DKKm	131.1	111.3	73.3	69.4	74.9
Equity	DKKm	248.3	252.3	251.8	249.7	252.8
Cash flows						
Cash flow from operating activities	DKKm	37.1	33.0	28.1	23.2	59.8
Cash flow from investing activities	DKKm	-22.2	-27.5	-38.7	-67.0	-7.7
Of which investment in marketable securities	DKKm	-26.5	7.1	-31.8	-49.3	-
Of which investment in property plant and equipment	DKKm	6.0	-9.3	-4.0	-15.4	-5.4
Cash flow from financing activities	DKKm	-17.9	-17.9	-17.9	-21.5	-17.9
Depreciation, amortisation and impairment, total	DKKm	-10.4	-10.1	-9.6	-8.4	-9.0
Cash flow for the year	DKKm	-3.0	-12.4	-28.4	-65.3	34.3

	Unit	2017/18	2016/17	2015/16	2014/15	2013/14
Ratios						
Book-to bill ratio	%	102.3	111.0	107.7	86.7	95.6
Revenue growth, continuing operations	%	11.7	23.1	19.8	-11.7	-9.6
Gross margin	%	43.9	52.7	54.5	60.3	60.6
EBIT margin	%	2.6	9.9	16.1	14.7	24.9
ROIC/return on average invested capital	%	4.7	21.2	36.4	27.5	45.2
Equity ratio	%	85.4	82.4	83.8	86.9	84.1
Return on equity	%	5.8	8.0	8.0	7.3	16.7
Working capital, % of revenue, continuing operations	%	25.2	25.6	19.7	24.6	33.1
Average no. of full-time employees	No.	96.0	87.0	80.0	81.0	82.0
Gross profit per full-time employee	DKKm	1.0	1.2	1.1	1.0	1.1
Per share ratios						
Earnings per DKK 20 share (EPS)	DKK	8.1	11.3	11.2	10.3	22.6
Price/earnings ratio (PE)	DKK	32.1	36.2	21.1	23.6	12.6
Payout ratio	%	123.1	88.5	89.4	97.2	44.3
Cash flow per DKK 20 share from operations	DKK	20.7	18.5	15.8	13.0	33.5
Proposed dividend (% of nominal value)	%	50.0	50.0	50.0	50.0	60.0
Book value of shares	DKK	139.0	141.0	141.0	140.0	141.0
Quoted year-end market price	DKK	261.0	408.5	236.0	243.0	286.0
Price/book value		1.9	2.9	1.7	1.7	2.0

The stated per-share ratios relate to class B shares.

See Note 37 to the financial statements for financial ratio definitions and formulas.

Strategic decisions and commitment

Financial year 2017/18 is the second of five years of Roblon's 2021 Strategy, which the Group announced in the autumn of 2016. As a consequence of acquisitions and divestments of business operations, the strategy was adjusted in the autumn of 2018.

During the year, important decisions were made to back up the Group's visions and goals, and a number of initiatives and strategic projects were launched, which are expected to support the Group's future growth.

Acquisition and establishment in the USA
In April 2017, Roblon acquired business operations related to the fibre optic cables industry from the Chase Group. In order to complete the acquisition, Roblon A/S established a US subsidiary, Roblon US Inc. In April 2018, the subsidiary made additional investments on production plant, licences and inventory for the production of fibre-based products for the wind turbine industry. The Group also signed a three-year project contract with Ria Blades, owned by Germany-based wind turbine manufacturer Senvion. Under the contract, Roblon will supply parts for the Senvion Group's rotor blade production with potential revenue over the three-year contract period of up to USDm 15-20. The contract provides an option for extension beyond the three years.

Stronger focus on core business
Roblon concluded an agreement, effective at 23 February 2018, to sell the greater part of the Roblon Engineering business segment, comprising the sale of business activities related to rope-making equipment, twisters and winders. The divestment was made to strengthen the Group's focus on expanding its remaining business in Industrial Fiber and to free up management resources and capital.

The Group still owns all rights and know-how in respect of the portfolio of machinery for the fibre optic cable industry. Roblon differentiates itself from its competitors by being the only company in the world to provide both production equipment and cable materials to fibre optic cable manufacturers.

Initiatives and strategic projects
In 2017/18, the development and implementation of the Group's acquired US business operations forged ahead. Gradual recruitment for the Group's own organisation followed on the planned phasing-out of service agreements established with the original owner in April 2017.

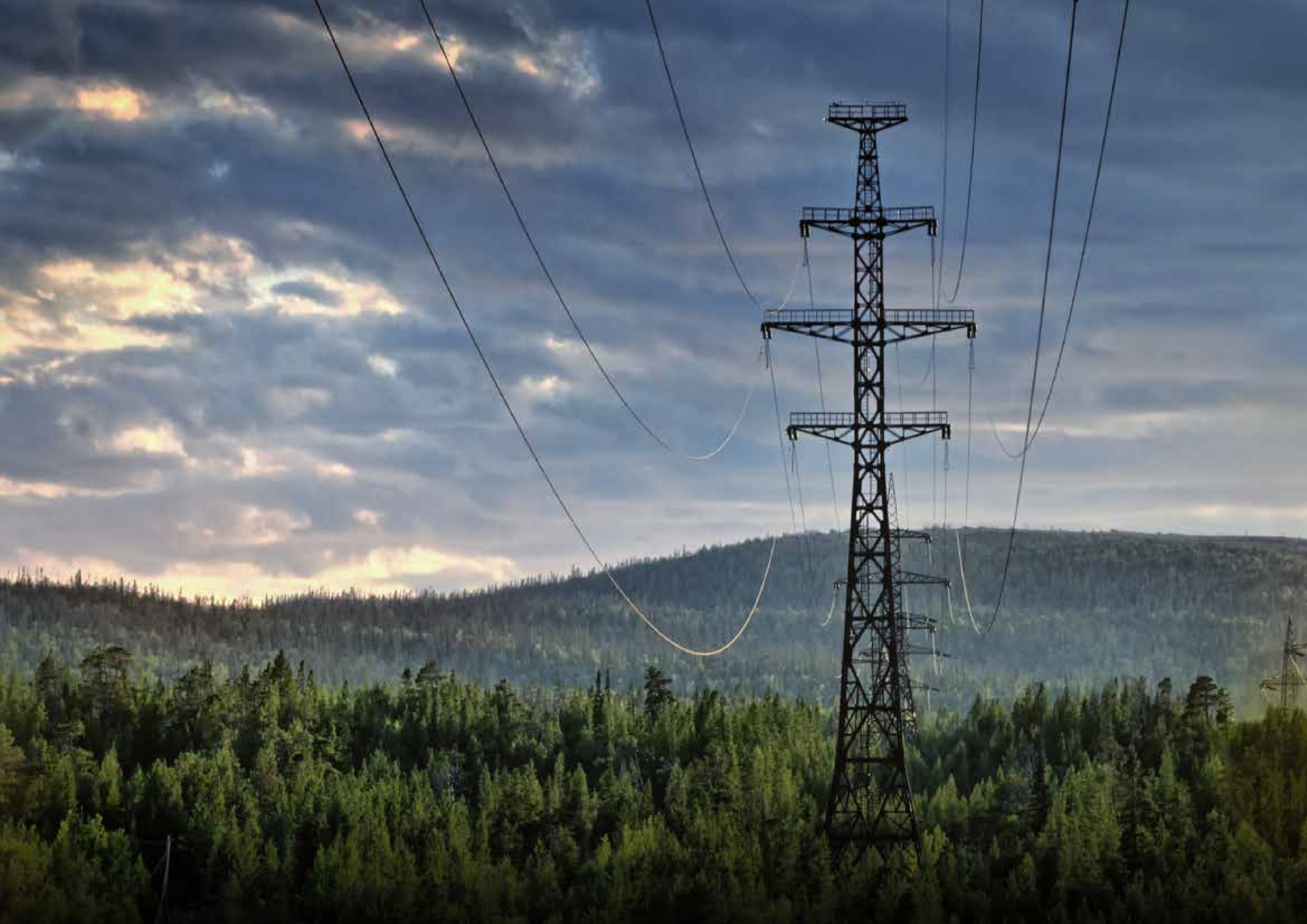
The Group executes its strategy through operational market plans with underlying efforts targeting Roblon's strategic customers. These operate globally and therefore require global servicing.

Efforts are currently underway to establish an organisation in Asia within the strategy period in order to get closer to both strategic customers and suppliers in the fibre optic cable industry in that region of the world.

In 2017/18, the Group worked on a major project to strengthen IT-supported business processes. Among other things, the project involves the replacement of the existing ERP platform, which will be implemented in stages, starting with the parent company in early 2019 and subsequently the US subsidiary.

The execution of Roblon's 2021 Strategy is well underway, the first important steps towards realising the Group's vision having been taken in 2016-18. The first two years of the strategy period concentrated on regenerating the operational platform for development and growth in the Group's core business.

In the remainder of the strategy period to 2021, the Group will invest further in growth through more efficient sales and logistics processes. Also, the Group will step up its efforts to develop new innovative solutions for strategic customers that will form the basis of the Group's future growth.



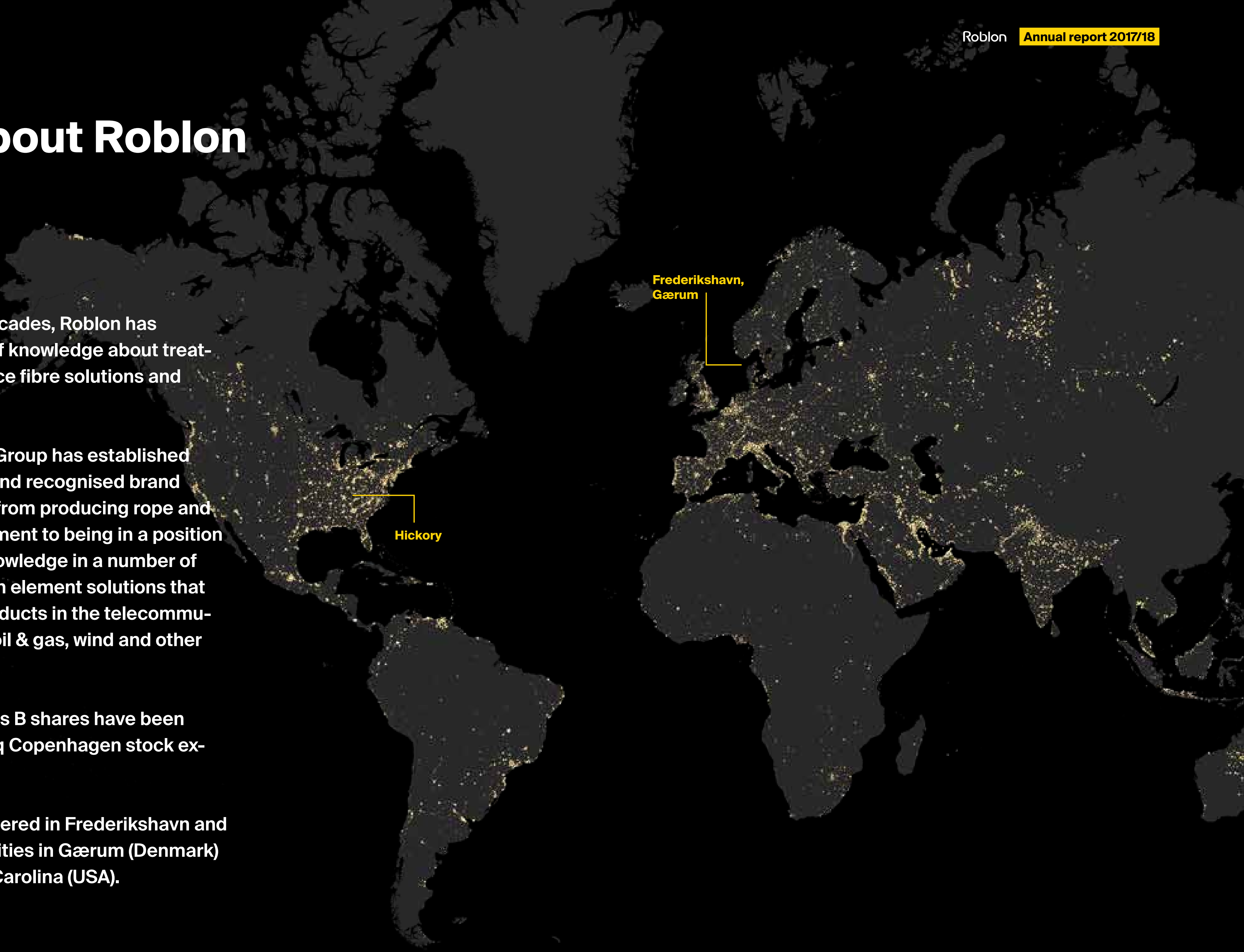
Facts about Roblon

Over the past six decades, Roblon has amassed a wealth of knowledge about treating high-performance fibre solutions and technologies.

Over the years, the Group has established itself with a strong and recognised brand and has developed from producing rope and rope-making equipment to being in a position today to use this knowledge in a number of fibre-based strength element solutions that form part of end products in the telecommunications, offshore oil & gas, wind and other industries.

The Company's class B shares have been listed on the Nasdaq Copenhagen stock exchange since 1986.

Roblon is headquartered in Frederikshavn and has production facilities in Gærum (Denmark) and Hickory, North Carolina (USA).



Performance for 2017/18 and outlook for 2018/19

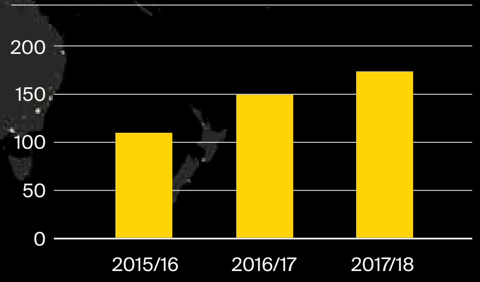
2017/18

- The Group's total revenue rose by 11.7% to DKKm 221.8 (2016/17: DKKm 198.6), and the operating profit (EBIT) from continuing operations was DKKm 5.8 (2016/17: DKKm 19.6), equivalent to an EBIT margin of 2.6%, against 9.9% last year.
- Profit before tax from continuing operations amounted to DKKm 9.6 (2016/17: DKKm 21.6) and the profit for the year was DKKm 14.5, against DKKm 20.2 last year.
- The Board of Directors proposes a dividend payment of DKK 10 per class B Share, which is in line with last year's dividend.
- Invested capital rose from DKKm 111.3 at 31 October 2017 to DKKm 131.1 at 31 October 2018. Return on invested capital (ROIC) in 2017/18 was 4.7%, compared with 21.2% last year.

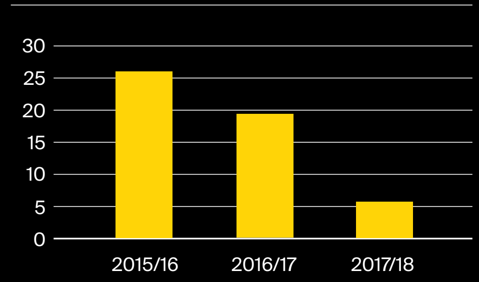
Outlook for 2018/19

- Roblon expects revenue in the range of DKKm 350-380 and a profit before tax in the range of DKKm 24-30 for 2018/19.
- The expected significant revenue growth of DKKm 128-158 compared with 2017/18 is based on the following expectations:
- Increased production and sales to the wind turbine industry after a six-month ramp-up period in the USA in 2017/18.
- Expectations of increased order intake from customers in the Composite product group, who in 2017/18 postponed significant expected orders to the following financial year.
- Additional production capacity in the USA to a FOC market with growing demand.
- The expectations are based on a USD/DKK exchange rate of 625.

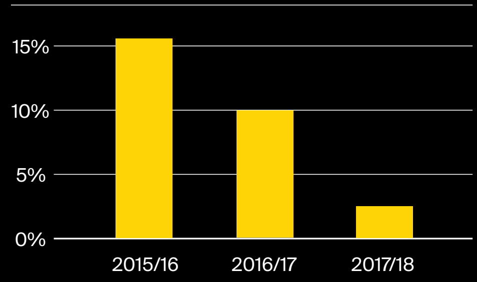
Revenue (DKKm)



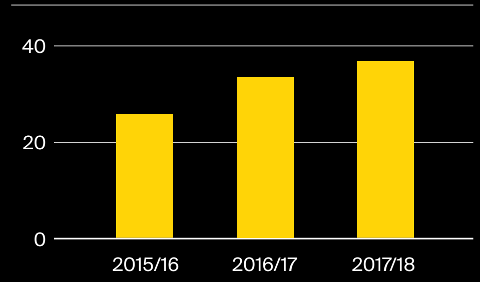
EBIT (DKKm)



EBIT margin



Cash flow from operating activities (DKKm)



Business scope

Fibres make up a key element of Roblon's DNA – indeed they are the cornerstone of the Group's long success story.

The Group made a name for itself early on using nylon fibres to make rope, later switching to more sophisticated fibres for numerous applications. Roblon also had success making machines to process the fibres, which are in demand by customers world-wide.

Roblon possesses specialist knowledge of the fibres' properties – including their shape, colour and their physical, chemical and optical properties – and how to process the fibres, which makes the Group's products unique.

Roblon's business activities include development, production and sales of coated and extruded fibre solutions, primarily used as reinforcement elements in the energy sector and other industries as well as in the fibre optic cable industry. Roblon also develops and sells machinery for the production of fibre optic cables.

Fibre optic cable industry

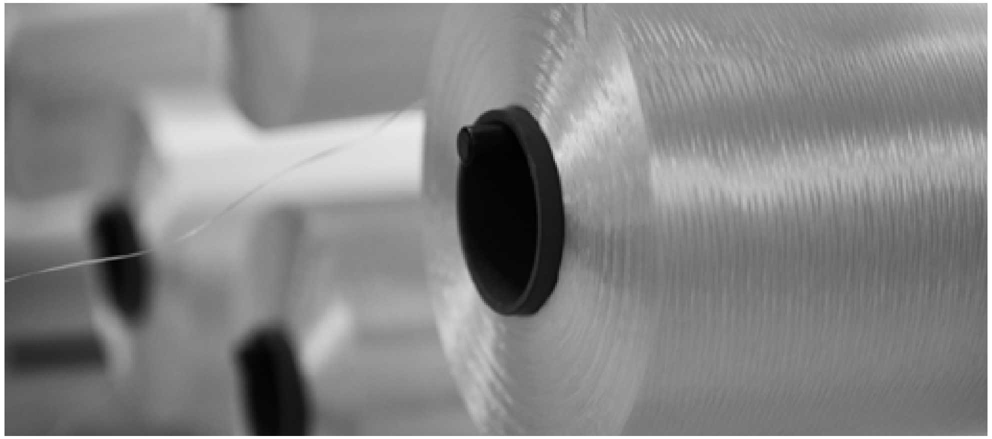
Roblon targets its products at the fibre optic cable industry, where the demand for fibre optic cables is driven in part by the users' constant need of faster data transfer, mobility, access to data networks, etc.

Roblon processes reinforcement fibres for fibre optic cables that connect networks globally. These reinforcement fibres usually have fibreglass, aramid or polyester as their core component, but Roblon gives the fibres added value by applying a functional coating. Doing this makes the fibres more robust in the customers' production facilities and can make fibre optic cables watertight or e.g. prevent rodents from damaging the fibre optic cables. The Group supplies a wide range of the components used to construct and design the cable, depending on the requirements for the cable's durability and function.

Energy sector and other industry

Roblon also works with composite materials: Roblon processes fibres, creating composite materials such as tapes, ropes and straps with high strength, low weight and a long service life.

For many years now, the Group has supplied various types of tape and straps used in connection with offshore oil & gas drilling and exploration. The products are mainly used for fixing, stabilisation and reinforcement purposes in connection with drilling from rigs or ships. The Group also supplies various safety nets for a number of uses, including as port security measures and on drilling rigs to prevent objects from falling and injuring people and damaging equipment.



Production of Roblon Polyester Binder Yarn

The products are made from synthetic fibres coated with various types of sheathing material. By comparison to steel straps, for example, Roblon's composite-based solutions have the advantage of longer durability because they do not corrode and have great breaking strength. Roblon offers straps with breaking strengths varying from three tonnes to more than 400 tonnes.

The products are made to order based on the customer's detailed and specific requirements. When maintaining and repairing modules, etc. customers cannot tell if anything needs replacing until the modules have been hauled out of the water. Customers therefore demand great flexibility and adaptability of Roblon's production to deliver spare parts at short notice.

Exacting requirements apply to the physical and chemical properties of fibre products within the composite material area. In this area, Roblon has become one of the most renowned and specialised manufacturers of fibre-based reinforcement straps for fixing submarine installations to pipes and cables. In fields of use such as these, the long-term durability of the products is a crucial competitive factor.

In April 2018, the Group acquired rights and production equipment targeting the wind turbine industry, for which Roblon produces and supplies composite-based reinforcement materials for use in the manufacturing of wind turbines with 50-70 m blade spans.

Roblon supplies industries that have stringent quality and documentation requirements, which are supported by the Group's ISO 9001 and 14001 certifications.

Winding of coated glass yarn

Industry and market potential

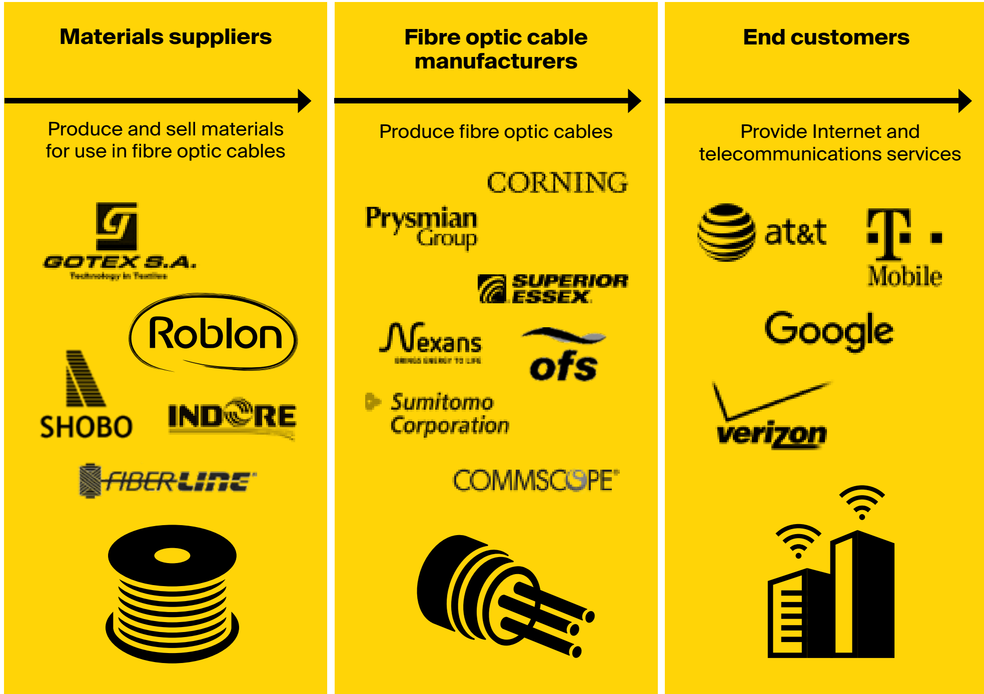
At the end of the 2017/18 financial year, Roblon has an identified market potential of DKKm 3,000, DKKm 2,200 of which is in the FOC product group and DKKm 800 in the Composite product group. Last year's figure was DKKm 2,500, and the DKKm 500 increase was due to FOC market growth and the effect of acquisitions in the wind turbine industry.

Fibre optic cable industry (FOC) product group

The fibre optic cable manufacturing industry is seeing strong growth, with particularly the North American and Asian markets expected to grow considerably in the coming years due to factors such as the roll-out of infrastructure to support 5G telecommunications. The industry is transparent, competitors and customers being well known. Several of the major global fibre optic cable manufacturers in 2017/18 embarked on further investments in new production facilities and equipment.

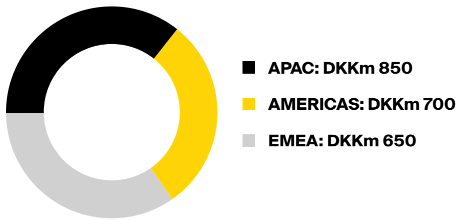
The fibre optic cable manufacturing industry comprises up to 20 major global manufacturers with production sites on several continents and a number of regional and smaller cable manufacturers. Major global manufacturers include companies such as Corning, Prysmian, Commscope, Nexans and Huber+Suhner.

Along with Roblon, Fiberline (US) and Gotex (E) are considered some of the leading suppliers of optic cable components to the fibre optic cable industry. There are a few other manufactures of

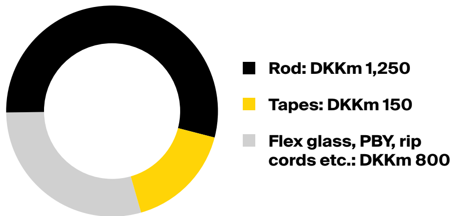


Section of value chain – Fibre optic cable industry

By markets



By product categories



selected optic cable components who sell these products in very large quantities. They do so to their respective domestic markets in China and India as well as to particularly the North American market and, to a lesser extent, the European market.

At the end of the 2017/18 financial year, the total annual market potential was determined to be DKKm 2,200, and the distribution of this on markets and product categories is illustrated in the chart above.

The greatest growth is seen in APAC and the Americas and, to a lesser extent, EMEA, and the growth in the ROD product category exceeds expected growth in the other categories.

Production and sale of cable machinery is far more of a niche business for Roblon, in which the Group has a selected range of machines that form part of a cable manufacturer's complete production line. Roblon sells machinery directly to selected customers who also purchase the Group's optic cable components, as well as via OEM partnerships.

Composite product group

The Composite product group comprises offshore oil & gas and wind. In the offshore oil & gas industry, the Group is impacted by the general conditions prevailing, including oil prices and the attractiveness of launching new projects.

Roblon's offshore-related activities are niche-driven, and the Group collaborates with a number of very large, successful industry players.

The market that Roblon addresses is worth around DKKm 800. As an element of the 2021 Strategy, the Group identifies new business opportunities in the Composite product group, based on the Group's existing high technology and competence levels.

Section of value chain – the energy sector, offshore oil & gas

2021 Strategy

Since Roblon announced the Company's five-year strategy for 2016-2021 in the autumn of 2016, the business portfolio has undergone major changes. Roblon's core business is now focused on Industrial Fiber. Two business entities have been divested in the first two years of the five-year strategy period: Roblon Lighting in April 2017 and the greater part of Roblon Engineering (rope-making division) in February 2018. In the USA, the Group has made acquisitions and established a Fibre Optic Cables (FOC) business in April 2017, made additional acquisitions in the USA and concluded a project contract in the wind turbine industry (Composite) in April 2018.

As a consequence of the divestment of the rope-making division and acquisitions of further business operations in the USA in 2018, Roblon has adjusted its mission and vision and revised its financial targets for the last three years of the strategy period.

The Group's mission: Roblon is a global, innovative company developing and supplying competitive high-performance fibre solutions and technologies to strategic customers who demand the highest quality, durability and safety standards.

The Group's vision: Roblon aims to be the preferred supplier of high-performance fibre solutions and technologies for strategic customers.

The Group's strategy is unchanged and focuses on continually boosting sales efforts, strengthening product development and expanding the product offering in close collaboration with strategic customers. Through this strategy, Roblon aspires to a position as total supplier of strength element solutions to selected strategic customers in the fibre optic cable industry. Roblon also aspires to a position as market-leading supplier of strength element solutions to the offshore oil and gas industry and other industries.

Strategic projects for the remaining strategy period (2018/19 – 2020/21)
The Group has implemented a number of activities supporting the realisation of the 2021 Strategy and the Group's goals. In the 2018/19 financial year and for the remainder of the strategy period, the Group will focus on:

- Preparatory activities to establish a production and logistics platform in Asia aimed at supplying products and services to selected strategic customers
- Identification and development of business for new industry segments in Composite in which Roblon's fibre solutions can cover customer and market demands
- Expansion of product range in the fibre optic cable industry with a view to becoming total supplier
- Ongoing evaluation of potential business acquisitions for the core business

Roblon's financial targets

In the three remaining years of the strategy period, the Group's aim remains to be able to achieve the following financial ratios, assuming normal economic conditions:

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) of at least	20%

The Group expects to achieve these growth targets through a combination of organic and acquisitive growth. Roblon's financial resources are adequate to achieve this.

Product development, business development and innovation

Roblon is a global, innovative company developing and producing competitive high-performance fibre solutions and technologies for customers who demand the highest quality, durability and safety standards.

Roblon's selected strategic customers demand proximity and collaboration to ensure that their needs are addressed on a timely basis. The Company therefore constantly invests in strengthening the development of products and product range in close collaboration with strategic customers.

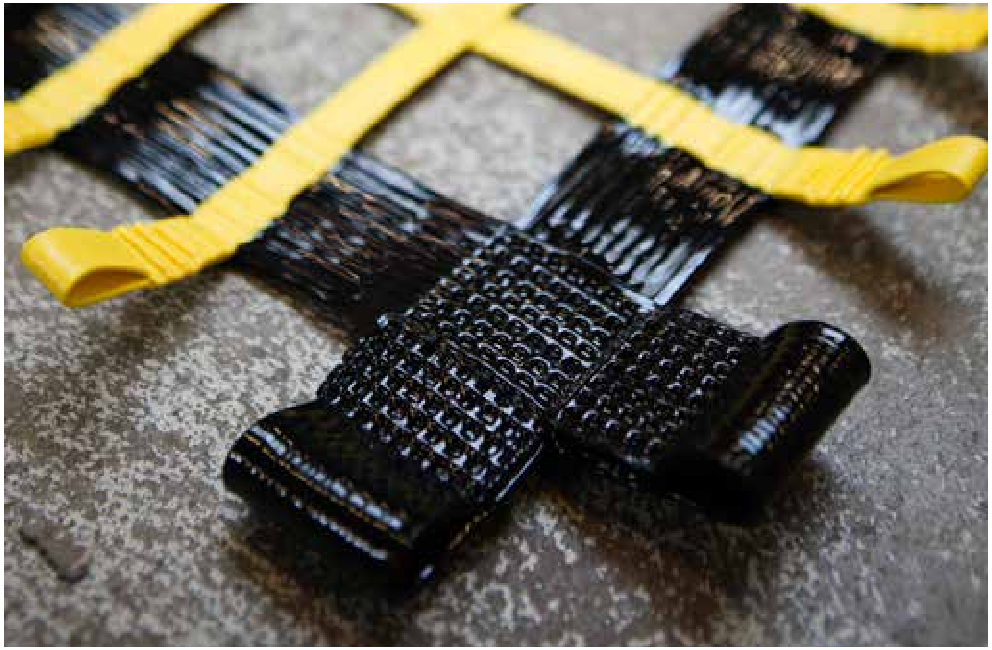
In 2018, Roblon made additional investments in new products in connection with the acquisition of IP rights and production technology for the production of customised fibre-based solutions aimed at the wind turbine industry, including reinforcement elements for wind turbine rotor blades.

Roblon continually works on developing new, innovative and attractive products in collaboration with selected strategic customers and considers this to be one of its core processes. In 2017/18, Roblon invested DKKm 7.6 (2016/17: DKKm 4.4), or 3.4% (2016/17: 2.2%) of total revenue.

During the year, concrete market plans were drawn up for the USA, EMEA and Asia with respect to the FOC product group. These plans are based on a number of assumptions concerning the development of new products to keep up with developments in fibre optic cables. This particular market segment is going through a period of strong growth, driven in part by preparations for the introduction of 5G telecommunications, which requires very exacting standards in terms of cable designs and protection of fibre optic cables – one of Roblon's core business areas.

In the Composite product group, Roblon is continuing its long-standing close collaboration with the Group's strategic customers on the next generations of fibre solutions for the protection of the customers' end products, which are typically used in challenging operating environments, thus demanding great durability and strength.

Knowledge sharing, learning and best practice are key elements applied by Roblon in the ongoing improvement of the methods and processes used in its development work. As an element in the Group's commercial and technological development, Roblon continually engages in optimising processes and making product adjustments. These efforts help ensure that the Group can provide customers with the right product at the right price and with the right quality.


Roblon composite net used as safety protection on drilling rigs

Financial statements 2017/18

Roblon concluded an agreement, effective at 23 February 2018, to sell the greater part of the Roblon Engineering business segment, comprising the sale of business activities related to rope-making equipment, twisters and winders. Company Announcement no 2/2018 “Roblon enhances focus on the Industrial Fiber business segment” provides details about the transaction.

Management’s resolution to initiate the above-mentioned sale was made at a board meeting in Roblon held on 19 December 2017.

The Group's profit from the divested operations until the selling date is reported as discontinued operations, and comparative figures for 2016/17 have been restated.

After the divestment of the greater part of the Roblon Engineering business segment, Roblon reports on a single segment, disclosing information on revenue distribution on the following two product groups:

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

As previously mentioned, in April 2018 the Group made additional investments in rights and production equipment in the USA to complement similar investments in April 2017. The Group thus invested in additional, complementary production capacity, production technology for special fibre-based solutions and customer relations in the wind turbine industry. In connection with the DKKm 13.7 investment, Roblon signed a three-year project contract with potential revenue of up to USDm 15-20 and with an option for extension beyond the three years.

Unless otherwise indicated, in the following the financial commentary is based on the 2017/18 consolidated financial statement figures with comparative consolidated financial statement figures for 2016/17. As the parent company is a significant part of the Group, the financial performance of the parent company is not described separately, except where it differs from that of the Group.

Consolidated income statement

Q4 2017/18

The Group’s order intake in Q4 2017/18 was DKKm 48.7, in line with the DKKm 49.1 order intake in the year-earlier period.

Total revenue amounted to DKKm 64.9 in Q4 2017/18 (2016/17: DKKm 52.1). The improvement was largely due to the new operations in the wind turbine industry.

The Group posted an operating loss (EBIT) of DKKm 0.1 for Q4 2017/18 (2016/17: operating profit of DKKm 0.9) for a negative EBIT margin of 0.2%, against a positive margin of 1.7% in the year-earlier period. For comments on the earnings development, see the information below on the full-year earnings for 2017/18.

In Q4 2017/18, cash flow from operating activities was DKKm 6.8 (2016/17: DKKm 17.3). Cash flow from investing activities was negative at DKKm 5.5 (2016/17: negative at DKKm 18.1), and there was no cash flow from financing activities in either Q4 2017/18 or the year-earlier period.

Selected financial highlights, continuing operations

DKKm	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18
Order intake	49.1	48.7	33.3	96.2	48.7
Order book	48.9	34.4	23.1	71.4	54.7
Revenue	52.1	63.9	44.6	48.4	64.9
Operating profit/loss (EBIT)	0.9	10.5	0.3	-4.9	-0.1
Profit/loss before tax	1.2	11.5	0.9	-4.2	1.4
EBIT margin	1.7%	16.4%	0.7%	-10.1%	-0.2%

2017/18

Sales activities and revenue performance

Revenue performance
Roblon's revenue from continuing operations was up by 11.7% to DKKm 221.8 for the year (2016/17: DKKm 198.6).

In the 2016/17 annual report, Management posted full-year revenue guidance of around DKKm 330, indicating 16% growth relative to 2016/17.

As stated in Company Announcement no. 2/2018, Roblon concluded an agreement in February 2018 to sell the greater part of the Roblon Engineering segment. As a consequence of the divestment, Management downgraded its revenue guidance to DKKm 235 for continuing operations.

In 2018, Roblon concluded a three-year project contract with a wind turbine industry customer. With this expansion of activities, Management upgraded the revenue guidance for the year to around DKKm 255.

Between spring and autumn 2018, the Group suffered significant postponements of expected orders from some customers in the Composite product group.

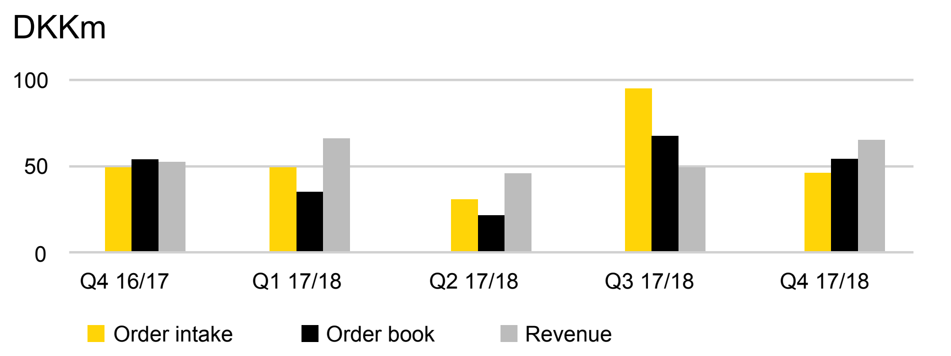
This caused Management to downgrade its total revenue guidance to the level of DKKm 222. At DKKm 221.8, realised revenue for 2017/18 was in line with expectations.

Sales performance and market developments
During the financial year, Roblon saw a sharp increase in demand for the Group's products in the North American market. This was a consequence of the execution of Roblon's strategy, a central element of which is focusing on selected strategic customers in a growth market.

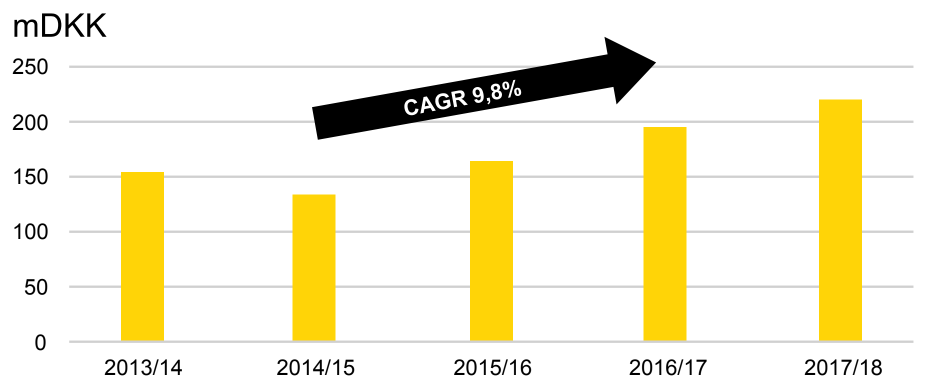
To address Roblon's strategic US customers in the FOC product group, in April 2017 the Group acquired a sales and production company in North Carolina, USA. With the acquisition, Roblon achieved close proximity to the principal players in the fibre optic cable industry and expanded its product offering, as the acquired business had for a number of years developed and offered a fibre-based reinforcement element which increasingly is seen as a central feature in new cable designs.

The strong increase in US demand was driven by an increasing demand for data transmission, new teleservice providers in the market and current preparations for the introduction of 5G.

The chart below illustrates the development in order intake, order book and revenue over the past five quarters until and including Q4 2017/18.



The chart below illustrates the development in revenue from continuing operations for the past five financial years.



The average annual growth rate (CAGR) in revenue over the period from 2013/14 to 2017/18 is 9.8%.

This made most of Roblon's strategic customers embark on major investments in production capacity expansions, which are expected to further boost demand over the coming 2-3 years. In addition to the market development, Roblon has launched a more focused sales strategy towards selected strategic customers. This has positioned Roblon as a local provider in the US market. A local provider with the necessary proximity to be able to service selected customers with the required flexibility, with high-quality products and with a relevant offering of the products used in the production of fibre optic cables.

In Europe, the fibre optic cable industry is undergoing constant changes due to the consolidation of manufacturers in mainly southern and eastern Europe and increased focus on coordinated procurement across production entities. Here, Roblon leverages its long-standing relations with selected customers and will in the coming period secure the necessary proximity to these customers and a product programme addressing their demands.

In the Composite product group, Roblon has for a number of years targeted offshore oil & gas, among other sectors. A characteristic of Roblon has been that product development of new, functional niche products happens in close collaboration with customers. This has given Roblon a special position in this business segment.

Despite lower activity levels throughout the oil & gas industry in recent years due to low oil prices, Roblon has maintained a strong position in this segment. The Group's strategy in this area is to maintain the close collaboration with selected strategic customers.

Sales strategy and business development

The two principal elements of Roblon's 2021 Strategy are:

- Continually growing our sales drive targeting strategic customers
- Continually strengthening our product development and expanding our product offering in close collaboration with strategic customers

The strategy expresses the ambition of expansion through an increased share of business with the Group's strategically selected customers. The strategic selection of customers is based on their potential to Roblon and their contribution to supporting the Group's future activities, in the form of input on market information and trends, product development, etc.

During the financial year, the sales management prepared market and customer plans for the USA and EMEA setting out the efforts necessary to realise the growth potential in the 2021 Strategy. Plans are also underway to establish FOC activities in the Asian market, which represents significant growth potential for Roblon. Roblon has long-standing customer relations in Asia and expects to be able to strengthen these by establishing local production and sales activities. Also, plans are underway to introduce further FOC products to the European market.

Roblon regularly participates in relevant trade fair activities. During the year, in the FOC product group Roblon exhibited at WIRE Düsseldorf, WIRE China and IWCS Cable & Connectivity Symposium in Providence, RI, USA. The Composite product group exhibited at the Offshore Technology Conference (OTC) in Houston, USA and at the ELMEA trade fair in Sweden.

Earnings

In the annual report for 2016/17, Management guided a profit before tax of DKKm 33 for the financial year 2017/18. Profit before tax from continuing operations for 2017/18 was DKKm 9.6 (2016/17: DKKm 21.6), in line with the guided level in company announcement no. 11/2018 of 6 November 2018. The decline relative to the profit before tax for 2016/17 was principally due to the factors mentioned in company announcement no. 11/2018 concerning:

- Postponement of expected order intake and revenue from customers in the Composite product group from 2017/18 to 2018/19.
- Major challenges in the supply of raw materials, recruitment and running-in of a large number of new production staff as well as delays in the setting up of new production lines in the US subsidiary.
- A change in the product mix and increased production costs relating to the ramp-up of the recently acquired business in the wind turbine industry.

The EBIT margin for 2017/18 was 2.6%, against 9.9% last year as a direct result of the lower profit as mentioned above.

Profit before tax from discontinued operations for 2017/18 amounted to DKKm 8.8, against DKKm 5.9 last year.

Profit for the year 2017/18 amounted to DKKm 14.5, against DKKm 20.2 last year.

Earnings per share (EPS) from continuing operations was DKKm 4.3, against DKKm 8.7 in 2016/17.

Gross profit and gross margin

Roblon's gross profit amounted to DKKm 97.5, down DKKm 7.1 compared with a gross profit of DKKm 104.6 in 2016/17. The gross margin was 43.9% in the 2017/18 financial year, significantly below last year's margin of 52.7%.

The lower gross profit and gross margin were due to the issues mentioned above concerning product mix, postponement of expected revenue to 2018/19 and the developments in the Group's US subsidiary.

Other external costs
Other external costs amounted to DKKm 35.2, which was an increase of DKKm 4.2 compared to last year. The principal reasons for the increase are higher costs in connection with the new activities in the US subsidiary and higher sales and marketing costs.

Staff costs
Staff costs amounted to DKKm 51.6, an increase of DKKm 4.6 compared with DKKm 47.0 in the 2016/17 financial year. The increase in staff costs was due to additional planned recruitments to strengthen the sales and product development functions.

At 31 October 2018, the Group had 96 employees, against 87 at 31 October 2017. The employees are distributed among the Company's two locations in Denmark and the business location in the USA. At 31 October, there were 40 hourly-paid workers and 56 salaried employees. Last year, the distribution was 36 hourly-paid workers and 51 salaried employees.

In connection with the Group's divestment of the greater part of Roblon Engineering in 2017/18, 57 employees were transferred from Roblon to the acquirer.

Depreciation, amortisation and impairment
The Group's depreciation, amortisation and impairment amounted to DKKm 10.1, an increase of DKKm 2.1 compared with last year as a consequence of the investments in the USA in 2017 and 2018.

Net financial items
Financial items amounted to net income of DKKm 3.8, against DKKm 2.0 last year.

Tax on profit for the year from continuing operations
Tax on the profit for the year from continuing operations was recognised as a total expense of DKKm 1.9, against an expense of DKKm 6.1 last year. The total tax rate was 20.2%, against 28.1% last year. The lower tax rate compared with last year was due in part to an adjustment of current tax for 2016/17 and in part to the amount of non-deductible acquisition costs in 2016/17.

Consolidated balance sheet

Total assets for the Group amounted to DKKm 290.8 at 31 October 2018 – a year-on-year decrease of 5.1%. Working capital was DKKm 55.9 (2016/17: DKKm 50.9), equalling 25.2% (25.6%) of revenue for the year. Invested capital at 31 October 2018 amounted to DKKm 131.1 compared to DKKm 111.3 last year.

Intangible assets
In total, the Group has recognised intangible assets at a value of DKKm 27.8 at 31 October 2018, against DKKm 17.8 last year. The DKKm 10 increase was primarily due to the recognition of licences and rights etc. in relation to further investments in the USA during the 2017/18 financial year.

Completed development projects and development projects in progress amounted to DKKm 6.1, against DKKm 8.9 last year.

Property, plant and equipment
Property, plant and equipment at 31 October 2018 in the consolidated balance sheet amounted to DKKm 47.4, against DKKm 61.1 at 31 October 2017. The reduction was mainly due to investments made during the 2017/18 financial year and the effects of the divestment of the rope-making business.

Inventories
The Group's inventories amounted to DKKm 41.5 at 31 October 2018, against DKKm 74.1 last year, and the DKKm 32.6 decrease was mainly the effect of the divestment of the rope-making division.

Receivables
Total receivables at 31 October 2018 amounted to DKKm 51.8, against DKKm 51.2 last year.

Marketable securities
The market value of the Group's securities portfolio at 31 October 2018 was DKKm 110.8, against DKKm 86.2 the year before.
The portfolio of marketable securities comprises listed bonds and equities. The securities are available for sale and agreements are in place with Danske Capital and Nykredit Asset Management to follow an active management strategy with low risk exposure.

Financing and capital resources
The Group's contribution of cash from operations in 2017/18 was DKKm 37.1, against DKKm 33.0 last year. Roblon's total investment in property, plant and equipment was DKKm 6.0, against DKKm 9.3 last year. Investment in intangible assets amounted to DKKm 11.4 compared to DKKm 1.9 last year.

Cash outflow from financing activities amounted to DKKm 17.9, in line with 2016/17.

At the balance sheet date, marketable securities and net cash amounted to DKKm 122.3, against DKKm 100.8 last year. In addition to this, Roblon has an undrawn credit facility of DKKm 10.0 with the Group's bankers.

Equity
The Group's equity stood at DKKm 248.3 at 31 October 2018, against DKKm 252.3 at 31 July 2017. Equity was thus reduced by DKKm 4.0, a net amount made up of a profit for the year of DKKm 14.5, adjustments taken directly to equity of DKKm -0.6 and a dividend distribution of DKKm -17.9.

The Group is very financially sound with an equity ratio of 85.4% (2016/17: 82.4%).

Dividends
Based on Roblon's strong capital structure and Management's expectations for the future, the Board of Directors proposes to the Annual General Meeting to be held in January 2019 a dividend payment of DKK 10 per class B share. This corresponds to a payout ratio of 50%, in line with the payout ratio for 2016/17.

Events after the balance sheet date
No significant events have occurred after the balance sheet date of 31 October 2018 of significance to the annual report.

Parent company

In 2017/18, the parent company's revenue was DKKm 147.6 (2016/17: DKKm 172.6) and its operating profit (EBIT) was DKKm 5.3 (2016/17: DKKm 18.7). Profit for the year from continuing operations amounted to DKKm 7.7, against DKKm 14.9 last year. At 31 October 2018, the parent company's equity ratio was 90.9% (2016/17: 83,5%).

Outlook for 2018/19

Guidance

Profit guidance for 2018/19:

- Revenue in the DKKm 350-380 range (2017/18: DKKm 221.8)
- Profit before tax in the DKKm 24-30 range (2017/18: DKKm 9.6)

For 2018/19, Roblon forecasts revenue growth in the range of 58-71%, based on the following significant factors:

- Stronger growth in the Composite product group relating to production and sales to the wind turbine industry. Revenue in this area is expected to grow significantly after a six-month ramp-up period in 2017/18.
- Customers in the rest of the Composite product group express positive expectations for 2018/19 with an expected normalisation of their order intake. For Roblon, this will have a positive effect on revenue in 2018/19, following the significant, prolonged postponement of order intake from this product group in 2017/18.
- Further capacity expansions, not least for the rapidly expanding FOC market in Roblon US Inc., which have been underway in the autumn of 2018.

Foreign exchange forecast

The Group primarily operates in two foreign currencies; USD and EUR.

The forecast for 2018/19 is based on the following foreign exchange assumptions:

Expected exchange rate for 2018/19:	
USD/DKK	625
EUR/DKK	Continued pegging to EUR

Forward-looking statements

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.

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 the annual 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.

See also the risk management section on page 21.

Risk management

Roblon is exposed to a number of risks related to the Group's activities. Roblon's Management aims to ensure that risk factors are adequately exposed and handled. Outlined below are a number of risk factors that may influence the Group's future growth, operations, financial position and results of operations.

Management sees effective risk management as an integral part of the Group's activities and continually strives to identify, analyse and manage significant risks in order to optimise the Group's value proposition. Annually, the Group's overall risk exposure is reassessed to find if it has changed and whether the risk mitigation measures are adequate. The Board of Directors sets out guidelines for the major risk factors, monitors developments and ensures that plans are in place to manage individual risks, including strategic, operational, financial and compliance risks.

The Group's risk management approach is based on a predefined and structured framework, starting with an assessment of the business impact of individual risks, adjusted for risk mitigation measures, and an assessment of the likelihood of occurrence of the risk in question.

The Roblon Group's risk management governance structure is illustrated in the chart to the right.

Strategic risks

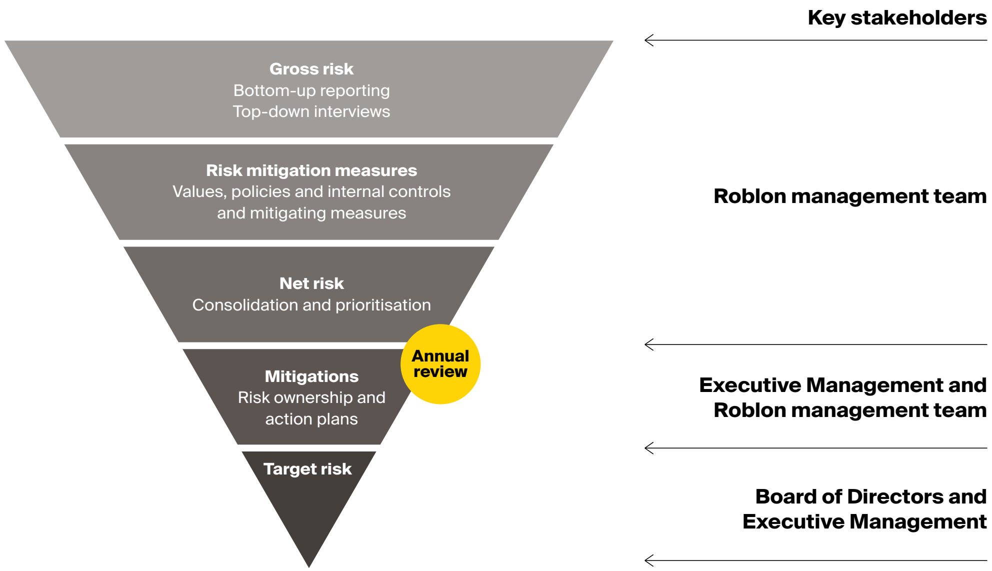
Market situation and competition: Roblon sells its products globally, with most of revenue being generated in Europe and North America. The Group is basically a niche player, differentiating itself from its competitors in terms of know-how, quality and flexibility. Roblon generally has long-term relationships with customers, and this trend is expected to be strengthened further in the coming years, as the 2021 Strategy focuses on strategically selected customers.

The Group is sensitive to economic developments in the countries where Roblon's products are sold, but the geographical diversification in terms of countries and continents is deemed to be adequate, thus reducing the overall risk exposure.

The markets in which the Group operates are not subject to significant seasonality, but much of the business is characterised by a structure based on project sales.

Customer relations: The Group's products are sold directly to Roblon's customers as well as indirectly via agents and a distributor network in Europe. Also, OEM agreements have been concluded as a supplement to direct sales of machinery to the fibre optic cable industry. The Group sells its products primarily to large, international and global groups and to a lesser extent to small and medium-sized companies. The customer portfolio is developing in the direction of fewer and larger customers, and Roblon is expected to become more dependent on this group of customers in future.

Governance structure – risk management



IT business support: In 2017/18, the Group launched a project to implement a new ERP platform to support Roblon's growth strategy. The project is progressing as planned and will be gradually implemented in the Group. The parent company is expected to migrate to the new ERP platform in the first half of 2018/19, while roll-out in the US subsidiary is expected to take place in the 2019/20 financial year.

Operational risks

Suppliers: Roblon is dependent on a number of suppliers in Europe, the USA and Asia, and seeks to maintain long-term relationships with selected suppliers. The Group aims to secure supplies of critical raw materials through contracts and agreements and, wherever possible, to collaborate with more than one supplier.

Employees: The Group works on improving employee satisfaction in a structured, ongoing process aimed at ensuring that everyone in the organisation has the opportunity to discuss everyday issues affecting their job satisfaction. The aim of this work is to promote greater employee satisfaction and thus general work motivation for the benefit of the employees and Roblon itself.

IT risk: The Group works continually to reduce these risks through IT security guidelines and policies as well as technical security controls. In addition to these measures, the Group regularly holds internal information meetings to draw everyone's attention to the subject of cybercrime and what each individual employee can do to reduce the risk of triggering negative events. In 2017/18, Roblon hosted an in-house IT security event with subsequent information and training activities.

Insurance: Roblon has established an insurance programme to ensure that insurances are taken out to such extent and in such a manner that any damage to Roblon's assets and any claim for damages against the Group will not materially affect its financial position or future operations.

Accordingly, an insurance programme has been established for the Group, which includes all-risk consequential loss insurance, professional liability, product liability and cybercrime insurance.

The Group annually reviews its insurance programme with an insurance broker and makes adjustments as required to support Roblon's development.

Financial risks

In connection with Roblon's business activities, the Group's profit/loss, balance sheet and equity are exposed to a number of financial risks, such as: currency, interest rate, credit and liquidity risk.

The Group addresses these risks on a regular basis and has established a number of relevant policies to ensure that the Group handles these risks on an ongoing basis in a regulated and transparent manner. The Company does not actively speculate in financial instruments.

For additional information on the Group's financial risks, see note 27 to the consolidated financial statements.

Compliance risk

Roblon is subject to legislation and guidelines in the countries in which the Group operates. Compliance in relation to products, finance, administration, quality and CSR is handled centrally in order to ensure that the organisation consistently complies with all relevant legislation, rules, policies and standards.

Quality control

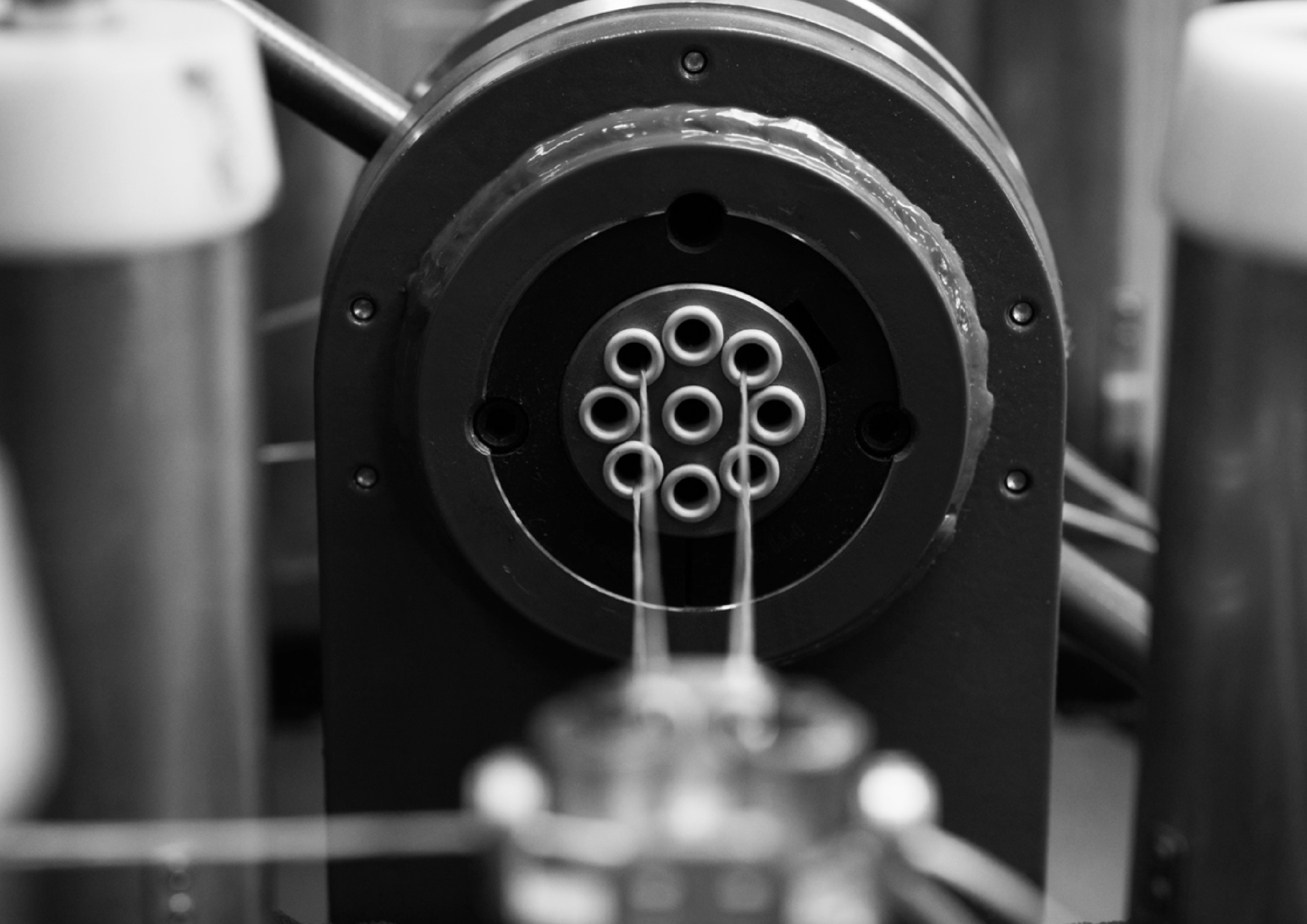
Roblon is perceived as a well-reputed, development-oriented and reliable supplier whose services consistently meet our customers' expectations. The Group is committed to complying at all times with relevant requirements set by our partners, including customers and authorities.

The Group is certified to ISO 9001:2015 and ISO 14001 and on a regular basis supports its quality control with, among other things, the following activities:

- measurements of compliance with delivery times to the customers
- efficient processing of complaints and logging as they occur
- registration of and systematic follow-up on current quality improvement proposals
- customer satisfaction surveys
- systematic and focused entry, processing and exit controls
- Roblon conducts regular supplier audits and evaluations to ensure that suppliers deliver the requested quality.

Roblon's quality department continually focuses on initiatives aimed at enhancing quality awareness in the Company and reducing the number of complaints. Roblon conducts regular internal process and product audits to assess risks and identify ways in which to optimise production processes and the customer's experience of both new and old products.

The quality department and the technical department use FMEA (Failure Mode and Effects Analyses) to analyse preventive measures in order to minimise waste and the risk of complaints in connection with changes in machinery, processes and raw materials.



Corporate Governance

Corporate governance report

Governing bodies
Roblon's current management structure consists of a Board of Directors and an Executive Management.

Board of Directors
The Board of Directors has six members. Four board members are elected by the general meeting for terms of one year and are eligible for re-election. The two board members elected by the employees are elected for terms of four years.

A minimum of four ordinary board meetings are held each year.

The overall profile of the Board of Directors may be characterised as having broad, international business experience with professional skills in, among other areas, management of a listed company, development and innovation, production, sales, marketing and finance. The overall profile of the Board of Directors is deemed to match the Group's needs, and the Board regularly assesses the need for any changes in the skills represented by the Board. The board members actively keep updated on Roblon and other general matters of importance to the Group.

Rules of procedure for the Board of Directors of Roblon have been prepared. These rules are reviewed annually by the full Board to ensure that they match current needs. Among other things, the rules of procedure set out an annual cycle of planned subjects, guidelines for the Board of Directors in relation to the Executive Management and the tasks and duties of the Chairman, Deputy Chairman and committee chairmen.

Board committees
The Board has appointed two chairmen of two committees under the Board of Directors.

Audit committee
Chairman: Randi Toftlund Pedersen
Members: All members of the Board of Directors and the Executive Management
Number of ordinary meetings: 4

The audit committee is charged with analysing and making recommendations on matters to be considered by the Board of Directors. The committee's principal tasks are to:

- inform the Board of Directors of the outcome of audits and financial reporting performed
- monitor the financial reporting process and compliance
- monitor the efficiency of the Company's internal control system
- monitor the statutory audit of the annual report and perform quality control of the Company's auditors appointed in general meeting
- monitor the independence of the auditors, including approve non-audit services provided by the auditors
- make recommendations to the Board of Directors on the Board's proposal for appointment of auditors at the general meeting

In 2017/18, the committee focused on the sale and acquisition of businesses, IT security, the initiated ERP project and the Group's risk management in general.

Innovation and product development committee
Chairman: Peter Sloth Vagner Karlsen
Members: All members of the Board of Directors and the Executive Management
Number of ordinary meetings: 4

The innovation and product development committee is charged with analysing and making recommendations on matters to be considered by the Board of Directors. The committee's principal tasks are to:

- set the strategic direction of the Company's long-term product and technology development
- monitor Management's and the development function's review of the ideas and development portfolio in terms of level of innovation, value to customers and commercial potential

In 2017/18, the committee focused on assessments of the project development portfolio and strategic projects launched.

Executive Management
The Executive Management reports to the Board of Directors and together with the Group's management team is responsible for the Group's operations, including all operational matters, organisation, resource distribution, establishment and implementation of strategies and policies, setting targets and direction and ensuring timely reporting and information to the Board of Directors.

The rules of procedure for Roblon's Executive Management are reviewed annually by the entire Board of Directors for any need of updating.

Corporate governance recommendations
In 2013, the Committee on Corporate Governance issued revised recommendations on corporate governance, most recently updated in November 2017. The recommendations are publicly available at the website of the Committee on Corporate Governance, www.corporategovernance.dk.

Roblon expects to comply with the new recommendations as updated in November 2017, which are effective for the financial year 2018/19.

The current recommendations, updated in November 2014, focus on matters such as the role of shareholders and their interaction with the company's management, policy governing the company's stakeholder relations, policy governing information and communication, the tasks and responsibilities of the Board of Directors, the composition of the Board of Directors, remuneration of the members of the Board of Directors and Executive Management, financial reporting, risk management and internal control and audits.

As a listed company, Roblon A/S must either comply with the guidelines or explain why it does not wholly or partially comply. Management generally agrees with the Committee's recommendations and in all material respects complies. The Board of Directors and the Executive Management have chosen to deviate from the recommendations in the following areas:

Composition and organisation of the Board of Directors
Due to the size and complexity of the Company, the Board has decided only to establish an audit committee and an innovation and product development committee. Other ad hoc committees are set up as and when required.

There is no set age limit for Board members because the Board of Directors prioritises every individual member's capacity, expertise and contribution to the management of the Company.

Management committees
Due to Roblon's complexity, size and simple management structure, the Board has not deemed it necessary to establish a nomination or remuneration committee.

Disclosure of the remuneration policy
In the annual report, the Company discloses the total Board remuneration.

For the Executive Management, the total amount of remuneration is disclosed. The remuneration of individual members is not disclosed on the grounds that this is information of a personal nature that will also only be of limited relevance to shareholders.

Remuneration of the Board of Directors and the Executive Management is on market terms for a listed company of Roblon's size. In light of the size of the Company, the Board does not find it relevant to prepare a remuneration policy for the Board of Directors and the Executive Management.

Financial reporting, risk management and audits
As recommended, the Company has considered setting up a whistle-blower scheme and with reference to the size and complexity of the Company has not found it relevant to do so at present.

The Company's detailed corporate governance report is available in full on Roblon's website: https://www.roblon.com/download/CorporateGovernance2018/corporate_governance_rev11_sep2018.pdf

Internal control and risk management systems in relation to the financial reporting process
The primary responsibility for the Group's risk management and internal control procedures in relation to the financial reporting process, including compliance with relevant legislation and other financial reporting regulations, rests with the Board of Directors and the Executive Management. The Board of Directors is thus responsible for ensuring that the annual report and other financial reporting are prepared in accordance with applicable legislation, standards, etc.

Prior to the publication of financial reports, the Board of Directors ensures that these are clear and balanced and give a true and fair view of the Company's assets, liabilities, financial position and cash flows. It also ensures that the management's review includes a fair review of the matters covered by the review, including prospects for the future.

Roblon's risk management and internal controls in relation to the financial reporting process are designed with a view to effectively managing, rather than eliminating, the risk of errors and omissions in financial reporting. It can provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided.

At least once a year, the Board of Directors assesses Roblon's organisational structure, its risk of fraud as well as the existence of in-house rules and guidelines.

The Board of Directors and the Executive Management are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. The Board of Directors has adopted policies and procedures in important areas in relation to financial reporting, which are available on Roblon's intranet.

The Executive Management regularly monitors compliance with relevant legislation and other financial reporting regulations and provisions and reports its findings to the Board of Directors.

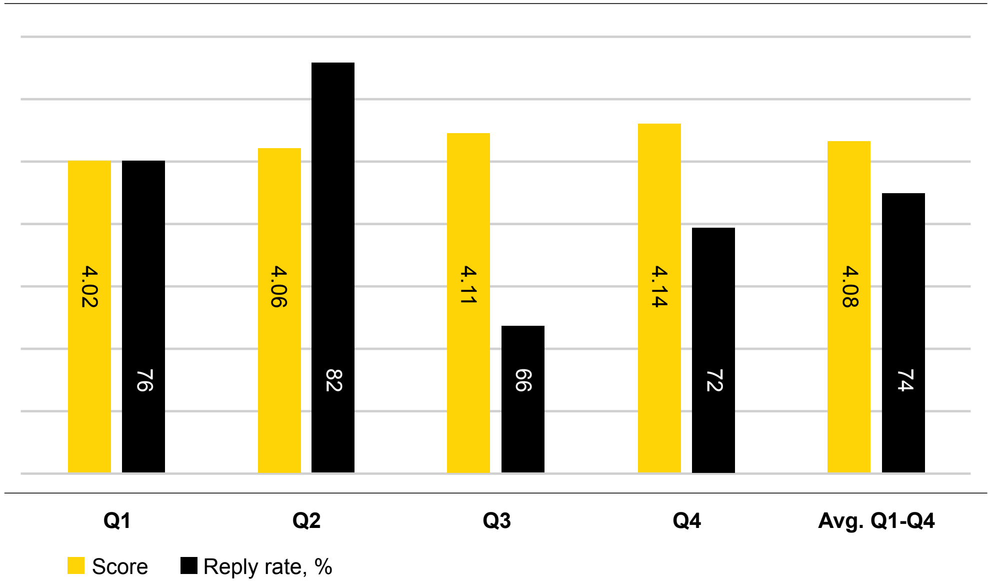
Report on corporate social responsibility

Roblon considers corporate social responsibility (CSR) to be a natural part of the Group's business principles and acknowledges responsibility for our employees and the society which we are all part of. Roblon wants to be the preferred supplier to selected strategic customers. Roblon has integrated CSR as a natural part of the Group's endeavours to execute the 2021 Strategy. Roblon interacts with customers and other stakeholders to maintain a CSR policy and introduce measures that contribute to a sustainable value proposition.

In the past financial year, the Group established a formal CSR organisation comprising a steering committee, working groups and reference groups. To strengthen Roblon's future CSR work, the Company's QA manager's skills were upgraded with a certified CSR qualification during the year. The Company will in the coming period focus on knowledge-sharing and collaboration between groups through in-house training and communication.

In the past financial year, a strategic project was launched to support the development of a culture in which individual employees have even stronger focus on improvements. In 2017/18, this resulted in more than 500 proposed improvements being implemented to strengthen occupational health, safety, product quality, process optimisation and waste reduction.

Development in employee satisfaction survey in which a question frame is given a score of 1-5
(the higher the score, the greater the employee satisfaction)



Human and labour rights
Committed, competent employees are key to a high-tech industrial enterprise like Roblon being able to sustain and improve the Group's competitiveness. A good physical and mental work environment is thus a key priority, which the Company pursues through, e.g. the above-mentioned improvement measures throughout the organisation.

The Group's strategy has brought about numerous changes and more are still to come, which will affect the daily routines of many employees. During the financial year, the Company held a two-day training course for all employees entitled "Employees taking part in processes of change". The aim of the course was to support employees and Management in handling the challenges and opportunities arising when Management and employees together take responsibility for Roblon's development.

The Company is working to improve employee satisfaction in a structured, ongoing process. This allows the Company to collect information, follow and report on the progress of employee satisfaction and launch action plans to make specific improvements. Through the financial year, the Company regularly checked up on three recurring themes: "employee satisfaction and motivation", "cooperation and motivation" and "a meaningful working day".

There is a lot of focus on developing Roblon, and this makes the Company an attractive employer that will be able to continue to retain and attract skilled staff in the future. Roblon will continue to conduct employee satisfaction surveys and discussions on this theme throughout the 2018/19 financial year.

As employer, Roblon is responsible for the processing and protection of personal data. New rules on processing personal data were implemented in May 2018. Roblon set up a working group tasked with reviewing the new rules and launching action plans to ensure that the

Group complies with the new rules. The working group drafted a new privacy policy governing the processing and protection of personal data on employees, customers and suppliers. The policy was communicated and action plans launched to ensure its observance.

The Company obtains consents from suppliers that they recognise human and labour rights, do not use child labour, etc., afford their employees freedom of association, right to collective bargaining and that they clearly condemn the use of corruption and bribery. At the present time, 81% of those approached have endorsed this declaration. The Company is following up on those who have yet to respond. The aim is for all suppliers approached to endorse the declaration or otherwise attest to their recognition of human and labour rights. If a supplier fails to endorse the declaration, the Company will discontinue the collaboration.

Working environment
Both Management and employees consider a good working environment at Roblon to be an important prerequisite for the Company's ability to act in a professional and proper manner towards our customers and other business partners. There is a common health and safety organisation in place for Roblon, structured in accordance with the applicable rules of the Danish Working Environment Act. The employees and Management must at all times work towards maintaining and developing a safe and healthy working environment. This is achieved through preventive measures and by continually keeping up with and complying with existing and new occupational health and safety rules.

The health and safety organisation and other systems ensure the documentation, implementation and maintenance of the occupational health and safety system. Roblon's occupational health and safety group holds a minimum of four meetings per year in addition to the annual health and safety review.

Roblon realises its policy by:

- having established a health and safety organisation and systems to ensure the documentation, implementation and maintenance of the occupational health and safety system
- informing the employees of results in this area

Employee involvement and communication are a key priority for Roblon. Management holds quarterly information meetings for all employees. In addition, weekly stand-up meetings and regular improvement meetings are held. A large number of proposed improvements were implemented during the financial year to strengthen the working environment and safety for the individual Roblon employee.

In the past financial year, the Group also focused strongly on ergonomics and on reducing the physical strains that individual employees are subjected to in their daily work.

For example, the Company held a number of in-house courses to prevent back pain and injury, invested in new lifting equipment to minimise ergonomic strains in selected work processes and implemented improvements to office workstations. More initiatives have been planned to improve the employees' daily work.

In the past financial year, a new digital platform was introduced to manage workplace user guides, which are now easily accessible by all employees. Reduced use and replacement of chemicals was again a focus area for the Company in the past year, resulting in a better working environment and increased safety in the use of chemicals in production.

The employee satisfaction is heightened by a very active events committee, which arranges cross-departmental events.

Roblon has implemented structured procedures for the registration of near-misses, defined as accidents that did not result in significant damage or injury, but where the root cause of the accident could have resulted in personal injury. In the 2017/18 financial year, the goal was to register at least 100 proposals to prevent occupational accidents.

The realised number of proposals for 2017/18 was 102, compared with 85 in 2016/17. The Company reduced the number of registered reportable accidents from four in 2016/17 to two in 2017/18.

Environment and climate
Roblon wants to be an environment-conscious company committed to ensuring an environmentally sound development through its activities, with due consideration for natural resources, statutory requirements and other relevant provisions.

Roblon A/S is certified to ISO 14001:2015.

The Company realises its policy by:

- surveying its environmental issues and preparing risk assessments and action plans to minimise the risk of environmental impact
- keeping employees and others working on behalf of Roblon informed of the Company's environmental policy and environmental management system
- registering electricity and gas consumption to ensure efficient control of energy consumption in production

- assessing the environmental consequences for the Company and its customers of using new materials

- focusing on sustainability and green transition in waste recycling

- taking a sustainable approach to acquiring new equipment for manufacturing processes

During the financial year, Roblon worked on preventing and reducing its environmental impact. These initiatives once again meant that no critical environmental incidents were registered from the Group.

The Company focuses on sustainability and green transition by stepping up its waste recycling. During the year, several working groups were set up for the purpose of reducing wastage from the production processes. The Company focused on a few, specific waste groups representing the largest proportion of the total wastage. The target of reducing each of these groups by 10% was reached. These initiatives meant that the Company's share of waste fractions for recycling were increased from 73% in 2016/17 to 79% in 2017/18. Further working groups and initiatives were launched.

In the past financial year, Roblon also focused on reducing the energy consumption of its production processes. This was addressed by various optimisations and investments in new, more energy-efficient production equipment, which produced overall savings for the Company.

In the coming financial year, a working group will be set up with the task of analysing the environmental impact of the Group's energy consumption and formulating targets for the reduction of this impact.

Anti-corruption and bribery
In the coming financial year, a working group will be set up, tasked with clarifying Roblon's anti-corruption and bribery policy and establishing a whistleblower scheme as part of the new policy.

Report on Management's gender composition

Roblon believes that a diverse and varied staff composition, including gender composition, contributes to creating an innovative organisation and a positive working environment, which in turn helps improve competitiveness and profitability.

The Company's target for the under-represented gender on the Board is 25%. Presently, the Board comprises one woman and three men, and the target is thus met.

To ensure diversity on other management levels, Roblon has formulated a policy to increase the proportion of the under-represented gender in the rest of Management. Other management positions comprise the Executive Management, Roblon's management team and other executive officers. In 2017, Roblon revised its target for the under-represented gender in the rest of Management to 40% by the end of the 2020/21 financial year.

Roblon will seek to increase the proportion of the under-represented gender in the rest of Management through the following initiatives:

- a goal of at least one candidate of each gender among the final three candidates in the recruitment process

- in connection with in-house promotions to management positions, the goal is to put forward at least one female candidate.

In other management positions, the proportion of the under-represented gender increased from 10% in 2016/17 to 15% in 2017/18.

Investor information

Share and capital structure
Roblon A/S has two share classes: A shares and B shares. The Company's share capital has a nominal value of DKKm 35,763 and consists of 27,775 class A shares of DKK 200 each and 1,510,400 class B shares of DKK 20 each.

The Roblon B share is listed on Nasdaq Copenhagen under the short name of RBLN B, with ISIN code DK0060485019 and LEI code 213800OWIZN2WOQM2C29. The Roblon B share is a component of the Small Cap index.

All class B shares are negotiable instruments and freely transferable. Each class A share of DKK 200 carries 100 votes. Each class B share amount of DKK 20 carries 1 vote.

Voting rights attached to shares acquired through transfer may only be exercised if the shareholder concerned is listed in the Company's register of shareholders or has reported and documented their acquisition before the notice date for the Annual General Meeting.

The Board of Directors reviews the Company's capital and share structure at least once a year, giving priority to retaining a high equity ratio in order to ensure the necessary financial versatility. At its most recent review in December 2018, the Board of Directors found the Company's capital and share structure to be appropriate and adequate relative to the Company's plans and expectations.

Register of shareholders
The Company's registrar is Computershare A/S, Kongevejen 418, DK-2840 Holte.

Shareholder structure
The number of Roblon shareholders registered by name was 1,700, in line with last year, together representing approx. 85% (2016/17: 83%) of the Company's share capital.

Of these, the following are listed in the Company's register in accordance with section 56 of the Danish Companies Act:

	Ownership %	Voting share %
ES Holding Frederikshavn ApS CVR no. 29325731	25.1	68.8
Investeringsforeningen Fundamental Invest CVR no. 25709675	6.1	2.7

All class A shares are owned by ES Holding Frederikshavn ApS. Roblon A/S is included in the consolidated financial statements of ES Holding Frederikshavn ApS, which are available to the public from the Danish Business Authority.

At 31 October 2018, the members of the Board of Directors and the Executive Management and their related parties held 28,925 of the Company's class B shares, corresponding to 1.6% (2016/17: 1.5%) of the share capital and 1.9% (2016: 1.8%) of the listed capital.

Treasury shares
Issues of shares or acquisition of treasury shares are subject to a resolution by the Company in general meeting.

Under the authority of the Board of Directors, the Company may acquire treasury shares representing up to 10% of the share capital. The authority is valid until 30 June 2019 for the Company to acquire treasury shares of up to 10% of the share capital at a price that may deviate by no more than 10% from the most recently calculated price of all trades prior to the acquisition.

The Board of Directors will request a renewed authorisation at the Annual General Meeting to be held on 24 January 2019.

Insider rules
The Executive Management, the Board of Directors and senior employees and their related parties are required to inform the Company of their transactions in the Company's shares for reporting to Nasdaq Copenhagen. In its internal rules, the Company has elected to keep an insider register of individuals who, through their relationship with the Company, may have inside and price-sensitive information about the Group's situation. Persons in the insider register may normally trade in the Company's shares only during a four-week trading window opening on the publication of the Company's interim and annual reports.

Investor relations policy
The Group seeks to maintain a high and uniform level of information toward its shareholders and other stakeholders. The Company aims for an open, active dialogue with shareholders, equity analysts, the press and the public at large in order to ensure that they have the necessary knowledge, and thus a sound foundation on which to assess the Company.

Roblon regularly participates in Small & Mid Cap seminars and other investor presentations for small groups of investors or individual investors. These investor presentations are published on the Company's website as soon as possible after the event.

It is the Company's policy that Management refrain from participating in meetings with investors or analysts or make statements to the press for a period of three weeks prior to the publication of interim or annual reports. Roblon also uses the website, www.roblon.com, as a tool of communication with the stock market. On the website, additional information on the Group and Roblon's business.

Investor relations questions may be sent by e-mail to Investor Relations at ir@roblon.com.

roblon.com
The Company's website contains press releases and company announcements and other information on the Group. The Company's annual reports for the past ten years and its interim reports and company announcements for the past five years are available on the website, where users can also subscribe to the Company's news service.

Market maker agreement
Roblon has concluded a market maker agreement with Danske Bank, which acts as market maker for Roblon's class B share on Nasdaq Copenhagen.

The terms of the market maker agreement are as follows:

- Danske Bank will provide quotes during 90% of Nasdaq Copenhagen's trading hours
- Ask and bid prices are quoted at a maximum spread of 2%
- Quotes are provided for a minimum volume of 100 shares
- Danske Bank may disregard the above in case of changes in economic, financial or political conditions which significantly complicate its fulfilment of obligations.

Danske Bank will continually quote both bid and ask prices in Roblon's B share. The purpose of the agreement is to improve the liquidity of the Company's share on Nasdaq Copenhagen to facilitate a transparent price.

Financial calendar

20 December 2018	Preliminary statement
24 January 2019	Annual General Meeting
12 March 2019	Interim report for Q1 2018/19
27 June 2019	Interim report for Q2 2018/19
11 September 2019	Interim report for Q3 2018/19
20 December 2019	Preliminary statement
23 January 2020	Annual General Meeting

Company announcements

Roblon A/S company announcements to the Danish FSA and Nasdaq Copenhagen in 2017/18.

17	2017	Preliminary statement
18	2017	Notice convening AGM
1	2018	Annual General Meeting of Roblon A/S
2	2018	Roblon enhances focus on the Industrial Fiber business segment
3	2018	Interim report for Q1 2017/18
4	2018	Roblon expands US business
5	2018	Interim report for Q2 2017/18
6	2018	Managers' transactions
7	2018	Full-year guidance for 2017/18 is downgraded
8	2018	Interim report for Q3 2017/18
9	2018	2021 Strategy – revised financial targets
10	2018	Financial calendar 2018/19
11	2018	Guidance for full year 2017/18 and 2018/19

The announcements are available at the Company's website, www.roblon.com.

Dividend policy

Roblon's objective is to ensure attractive long-term returns for its shareholders through a combination of dividend payments and a positive share price development.

It is the Company's intention to distribute dividends annually corresponding to 50% of the nominal value of the B share, equivalent to DKK 10 per B share. In addition to this, the Board of Directors may propose to the shareholders the distribution of an interim dividend for a given financial year.

It is essential that Roblon maintain sufficient financial resources to execute the Group's growth strategy. To this end, the Board of Directors may deviate from the stated dividend policy and propose to the shareholders that no dividend, or a lower dividend than that set out in the dividend policy, be distributed for a given financial year.

According to the Company's articles of association, holders of B shares have a preferential right to dividend of 8 % of their nominal shareholding, if dividend is declared. Any remaining dividend accrues to the holders of A shares until they have received dividend equalling 8% of their nominal shareholding. Any remaining dividend thereafter will be distributed evenly on all shares, regardless of share class.

Based on Roblon's strong capital structure and Management's expectations for the future, the Board of Directors proposes to the Annual General Meeting to be held in January 2019 a dividend payment of DKK 10 per class B share. This corresponds to a payout ratio of 50%, in line with the payout ratio for 2016/17.

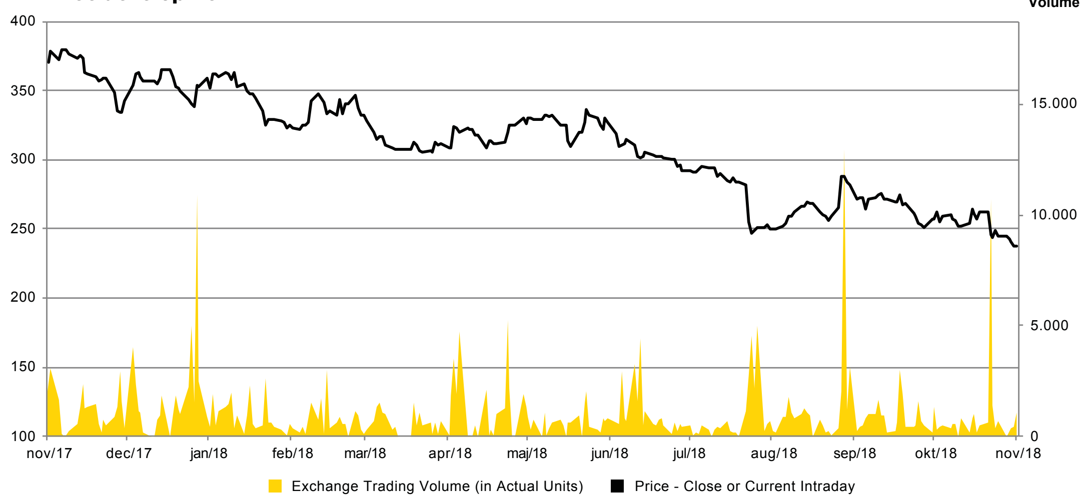
Price development

The Roblon B share opened the financial year at 408.5 and closed at 261 at 31 October 2018, which was a drop of 36.1% (2016/17: an increase of 73.1%). Including the DKK 10 per share dividend distributed, the return of the Roblon B share for the year was a negative 33.5% in 2017/18.

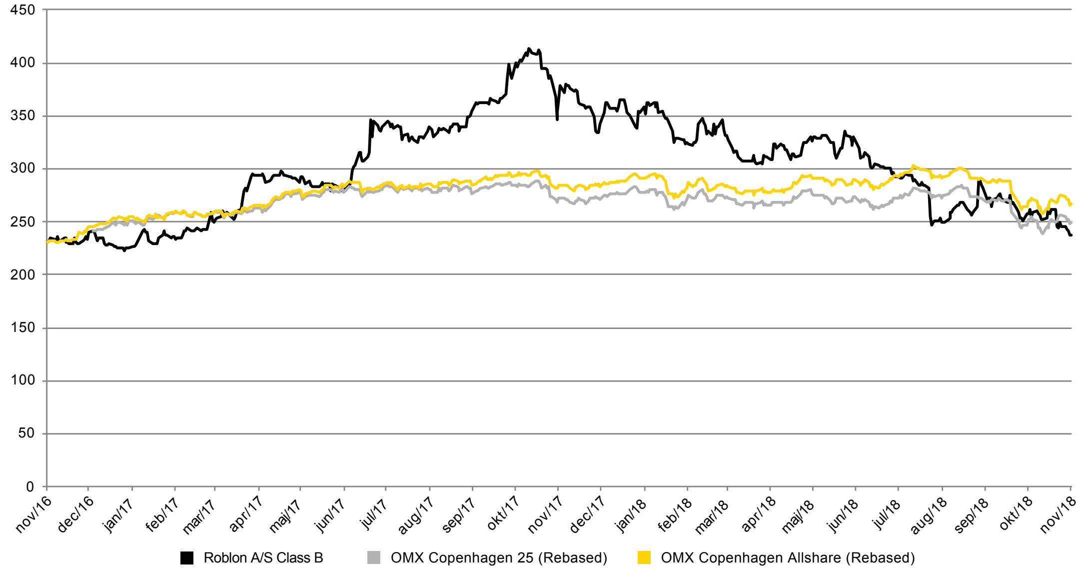
The overall market value of the Company's listed share capital at the end of the financial year was approx. DKKm 394, against approx. DKKm 619 at 31 October 2017.

At 31 October 2018, the free float in Roblon was approx. 85% (2016/17: 87%).

Price development



Price index



Board of Directors




	Jørgen Kjær Jacobsen Chairman	**Ole Lønsmann Andersen** Deputy Chairman	**Peter Sloth Vagner Karlsen**	**Randi Toftlund Pedersen**
Born	1952	1959	1963	1963
Elected to the Board of Directors	2014	2018	2011	2016
Education	Graduate diploma - HD(A), 1979 BSc Business Administration, 1975	Financial sector training – 1981	Master of Science in Engineering, 1987	INSEAD and IMD management modules, 2004-2013 State-authorised public accountant, 1993 MSc (Business Administration and Auditing), 1990
Other executive functions	Gabriel Holding A/S (C), Nordjyske Holding A/S (C), MEDF Holding A/S (C), Egebjerggaard A/S (B), BKI foods A/S (B), EM Fiberglas A/S (B), Raskier A/S – (D) and (B), Mads Eg Damgaards Familiefond (C), Aalborg Stiftstidendes Fond (C)	Corporate adviser, Vestjysk Bank	Group Senior Vice President (D) Grundfos Holding A/S, Global Product and Offering Development	Group Senior Vice Presiden Corporate Finance, Salling Group A/S Salling Group Ejendomme A/S (B) Salling Group Forsikring A/S (B) Færchfonden (B)
No. of Roblon shares at 31 October 2018	14,290 (2016/17: 14,290)	1,325 (2016/17: N/A), related party Nina Schou 1,990 (2016/17: N/A)	395 (2016/17: 395)	1,000 (2016/17: 1,000)
Specialised skills	Senior management experience from listed companies and board experience from listed companies and commercial foundations.	Financial sector experience, including advisory services and providing financial solutions to businesses.	Management skills from global group in the areas of group product development, production and quality	Management skills from global financial group. Management of listed company.
Independence	Meets the definition of independence as set out by the Corporate Governance Committee	Does not meet the definition of independence as set out by the Corporate Governance Committee due to being married to holder of A shares	Meets the definition of independence as set out by the Corporate Governance Committee	Meets the definition of independence as set out by the Corporate Governance Committee
Other			Chairman of Roblon's Innovation and product development committee	Chairman of Roblon's audit committee

Board of Directors

Executive Management





	Nita Svendsen *) HR assistant	**Flemming Nielsen *)** Machine operator	**Lars Østergaard** Managing Director and CEO	**Carsten Michno** Chief Financial Officer (CFO)	**Kim Müller** Chief Technical Officer (CTO)
Born	1972	1963	1965	1970	1969
Elected to the Board of Directors	2015	2015 (alternate), joined the Board of Directors in 2018			
Education			MSc. (international business economics), 1991	MBA Strategic Management, 2007 M.Sc. (Business Economics and Auditing), 1995	(m-MBA) 2007 Electrical engineering back-ground - TDB, 1989
Other executive functions					Erhvervsservice Nord ApS (B)
No. of Roblon shares at 31 October 2018	65 (2016/17: 65)	0 (2016/17: N/A)	4,259 (2016/17: 3,459)	4,500 (2016/17: 4,500)	3,091 (2016/17: 3,091)
Other			Joined Roblon in 2016	Joined Roblon in 2015	Joined Roblon in 1992

C = Chairman of the Board;
B = Board member;
D = Director;
*) Elected by the employees

Statement by the Management

The Board of Directors and Executive Management today considered and approved the annual report of Roblon A/S for 2017/18.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company's financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 October 2018 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 November 2017 – 31 October 2018.

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

We recommend that the annual report be adopted at the Annual General Meeting.

Frederikshavn, 20 December 2018

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

Independent Auditor's Report

To the shareholders of Roblon A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 October 2018 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 November 2017 - 31 October 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and the Parent Company Financial Statements of Roblon A/S for the financial year 1 November 2017 - 31 October 2018 comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IEASBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Roblon A/S on 25 January 2018 for the financial year 2017/18.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for 2017/18. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of inventories The Group measures inventories at cost. If the net realisable value is lower than the cost, the asset is written down to its lower value. Besides direct costs, work in progress and finished goods also comprise indirect production costs. The net realisable value of the Group's inventories is assessed on a current basis based on estimated turnover and possible losses due to obsolescence, quality issues and economic fluctuations. Indirect production costs are recognised based on actual costs and estimated production capacity. We focused on the measurement of inventories because the statement of inventories is based on significant estimates. We refer to note 2 and note 19 of the Consoli-dated Financial Statements and the Parent Company Financial Statements.	We obtained an understanding of the Group's accounting policies and procedures for the measurement of inventories. By random sampling, we tested the Group's calculation of the cost of work in progress and finished goods, including the calculation of indirect production costs. We challenged Management's assessment of estimated items in the calculation of indirect production costs; we performed an analytical assessment of indirect production costs and evaluated sensitivity analyses in respect of capacity utilisation. We tested on a sample basis the basis of the calculation of write-down to net realisable value and tested profits on most recent sales in the financial year. We tested the mathematical accuracy of the calculations.

Statement on Management's Review

Management is responsible for Management's Review. Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Measurement of development projects in progress in Roblon A/S as well as trademarks, licences and customer relations in Roblon US Inc.	How our audit addressed the key audit matter
The Group measures development project in progress at the lower of cost and recoverable amount. Trademarks, licences and customer relations are measured at the lower of cost less accumulated amortisation and impairment loss and the recoverable amount. The Group's development projects in progress are assessed for indications of impairment at least once a year, and the projects are subjected to impairment tests. In case of indications of impairment of trademarks, licences and customer relations in Roblon US Inc., impairment tests are performed. The impairment tests are based on the discounted value in use of expected cash flows from the assets over their expected useful lives. The cash flows are based on budgets and strategy plans approved by Management. We focused on the measurement of development projects in progress and trademarks, licences and customer relations in Roblon US Inc. because the measurement of the assets is based on significant estimates, including Management's expectations as regards future cash flows. We refer to note 2 and note 15 of the Consolidated Financial Statements and the Parent Company Financial Statements.	We obtained an understanding of the Group's accounting policies and procedures for the measurement of development projects in progress in Roblon A/S as well as trademarks, licences and customer relations in Roblon US Inc. We assessed and challenged Management's assessment of indications of impairment of trademarks, licences and customer relations through discussions with Management and through review of Roblon US Inc.'s realised financial performance as well as expectations in this respect. We evaluated Management's assessments relating to write-down of development projects in progress as well as trademarks, licences and customer relations through comparison with budgets and strategy plans approved by Management, evaluation of applied contribution ratios, including application of historical data and evaluation of project status together with both Management and project managers. We challenged Management as regards its assessment of future cash flows and evaluated the sensitivity analyses performed. We tested the mathematical accuracy of the calculations.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used by Management and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be commu-nicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Aalborg, 20 December 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Henrik Kragh	Marianne Fog Jørgensen
State Authorised Public Accountant	State Authorised Public Accountant
mne26783	mne21405

Financial statements

2017/2018

Income statement

for the period 1 November - 31 October

Amounts in DKK'000	Note	GROUP 2017/18	GROUP 2016/17	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17
Revenue	3	221,841	198,686	147,644	172,589
Cost of sales	4	-124,386	-93,984	-72,562	-77,040
Gross profit		97,455	104,702	75,082	95,549
Work carried out for own account and capitalised	5	3,070	794	3,070	794
Other operating income	6	2,215	225	4,408	1,655
Other external costs	7	-35,229	-31,071	-20,314	-26,021
Staff costs	8	-51,618	-47,040	-50,298	-46,878
Depreciation, amortisation and impairment	10	-10,141	-7,965	-6,673	-6,415
Operating profit (EBIT) from continuing operations		**5,752**	**19,645**	**5,275**	**18,684**
Financial income	11	4,184	2,604	4,621	2,612
Financial expenses	12	-343	-586	-343	-605
Profit before tax from continuing operations		**9,593**	**21,663**	**9,553**	**20,691**
Tax on profit for the year from continuing operations	13	-1,938	-6,083	-1,854	-5,757
Profit for the year from continuing operations after tax		**7,655**	**15,580**	**7,699**	**14,934**
Profit for the year from discontinued operations after tax	32	6,875	4,581	6,875	4,581
Profit for the year		**14,530**	**20,161**	**14,574**	**19,515**
Proposed appropriation of profit					
Retained earnings				-3,308	1,633
Proposed dividends				17,882	17,882
				14,574	19,515
Earnings per share (DKK)	14				
Earnings per share (EPS), continuing operations		4.3	8.7		
Earnings per share, diluted (EPS-D), continuing operations		4.3	8.7		
Distribution of profit for the year					
Parent company shareholders		14,530	20,161		
		14,530	20,161		

Statement of comprehensive income

for the period 1 November - 31 October

Amounts in DKK'000	Note	GROUP 2017/18	GROUP 2016/17	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17
Profit for the year		14,530	20,161	14,574	19,515
Other comprehensive income					
Items that will be recycled to profit or loss					
Fair value adjustments during the year		-1,238	1,248	-1,238	1,248
Fair value adjustments reclassified to financial income/expenses		-477	-592	-477	-592
Fair value adjustment of available-for-sale financial assets		-1,715	656	-1,715	656
Foreign exchange adjustment on translation of foreign subsidiary		698	-2,283	-	-
Tax on other comprehensive income	13	378	-144	378	-144
Other comprehensive income		**-639**	**-1,771**	**-1,337**	**512**
Comprehensive income for the year		**13,891**	**18,390**	**13,237**	**20,027**
Distribution of comprehensive income for the year					
Parent company shareholders		13,891	18,390		
		13,891	18,390		

Balance sheet

At 31 October

		GROUP		PARENT COMPANY	
Amounts in DKK'000	**Note**	**2017/18**	**2016/17**	**2017/18**	**2016/17**
ASSETS					
Completed development projects		1,040	5,641	1,040	5,641
Development projects in progress		5,047	3,288	5,047	3,288
Trademarks, licenses and customer relations		17,120	8,914	-	-
Other intangible assets		4,600	-	4,600	-
Intangible assets	15	**27,807**	**17,843**	**10,687**	**8,929**
Land and buildings		22,693	37,824	22,693	37,824
Plant and machinery		21,658	21,129	12,221	13,801
Other fixtures and fittings, tools and equipment		922	1,245	922	1,245
Property, plant and equipment under construction		2,088	885	1,368	885
Property, plant and equipment	16	**47,361**	**61,083**	**37,204**	**53,755**
Investment in subsidiary	17	-	-	27,796	27,796
Non-current receivable regarding sale of discontinued operation	18	-	1,340	-	1,340
Financial assets		**-**	**1,340**	**27,796**	**29,136**
Total non-current assets		**75,168**	**80,266**	**75,687**	**91,820**
Inventories	19	**41,459**	**74,119**	**24,285**	**66,949**
Trade receivables	20	47,769	46,848	30,423	42,070
Current receivable regarding sale of discontinued operation	18	2,718	1,300	2,718	1,300
Amount owed by subsidiary		-	-	23,188	-
Other receivables		1,073	2,460	1,022	2,460
Prepayments		237	568	237	568
Receivables		**51,797**	**51,176**	**57,588**	**46,398**
Marketable securities	22	**110,836**	**86,167**	**110,836**	**86,167**
Cash and cash and cash equivalents	23	**11,501**	**14,648**	**5,831**	**12,948**
Total current assets		**215,593**	**226,110**	**198,540**	**212,462**
Total assets		**290,761**	**306,376**	**274,227**	**304,282**

		GROUP		PARENT COMPANY	
Amounts in DKK'000	**Note**	**2017/18**	**2016/17**	**2017/18**	**2016/17**
EQUITY AND LIABILITIES					
Share capital		35,763	35,763	35,763	35,763
Other reserves		-1,712	-1,073	2,368	2,727
Retained earnings		196,411	199,763	193,314	197,600
Proposed dividends		17,882	17,882	17,882	17,882
Total equity	24	**248,344**	**252,335**	**249,327**	**253,972**
Deferred tax	25	4,648	4,941	4,344	4,941
Total non-current liabilities		**4,648**	**4,941**	**4,344**	**4,941**
Other provisions	26	440	725	440	725
Advance payments from customers		2,262	7,951	2,262	7,951
Trade payables		27,106	22,688	9,991	18,584
Amount owed to subsidiary		-	-	-	661
Income tax	21	420	3,876	322	3,588
Other payables		7,541	13,860	7,541	13,860
Current liabilities		**37,769**	**49,100**	**20,556**	**45,369**
Total current liabilities		**37,769**	**49,100**	**20,556**	**45,369**
Total liabilities		**42,417**	**54,041**	**24,900**	**50,310**
Total equity and liabilities		**290,761**	**306,376**	**274,227**	**304,282**

Equity and dividends

GROUP

Amounts in DKK'000	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
Equity at 31 October 2016	**35,763**	**-**	**698**	**197,484**	**17,882**	**251,827**
Profit for the year				2,279	17,882	20,161
Other comprehensive income			512			512
Foreign exchange adjustment on translation of foreign subsidiary		-2,283				-2,283
Comprehensive income for the financial year		**-2,283**	**512**	**2,279**	**17,882**	**18,390**
Distributed dividends					-17,882	-17,882
Equity at 31 October 2017	**35,763**	**-2,283**	**1,210**	**199,763**	**17,882**	**252,335**
Profit for the year				-3,352	17,882	14,530
Other comprehensive income			-1,337			-1,337
Foreign exchange adjustment on translation of foreign subsidiary		698				698
Comprehensive income for the financial year		**698**	**-1,337**	**-3,352**	**17,882**	**13,891**
Distributed dividends					-17,882	-17,882
Equity at 31 October 2018	**35,763**	**-1,585**	**-127**	**196,411**	**17,882**	**248,344**

PARENT COMPANY

Amounts in DKK'000	Share capital	Reserve for available-for-sale financial assets	Reserve for development costs	Retained earnings	Proposed dividends	Total equity
Equity at 31 October 2016	**35,763**	**698**	**-**	**197,484**	**17,882**	**251,827**
Profit for the year				1,633	17,882	19,515
Other comprehensive income		512				512
Recognised development costs for the year after tax			1,517	-1,517		-
Comprehensive income for the financial year		**512**	**1,517**	**116**	**17,882**	**20,027**
Distributed dividends					-17,882	-17,882
Equity at 31 October 2017	**35,763**	**1,210**	**1,517**	**197,600**	**17,882**	**253,972**
Profit for the year				-3,308	17,882	14,574
Other comprehensive income		-1,337				-1,337
Recognised development costs for the year after tax			978	-978		-
Comprehensive income for the financial year	**0**	**-1,337**	**978**	**-4,286**	**17,882**	**13,237**
Distributed dividends					-17,882	-17,882
Equity at 31 October 2018	**35,763**	**-127**	**2,495**	**193,314**	**17,882**	**249,327**

Statement of cash flows

for the period 1 November - 31 October

		GROUP		PARENT COMPANY	
Amounts in DKK'000		**2017/18**	**2016/17**	**2017/18**	**2016/17**
Operating profit (EBIT) from continuing operations		5,752	19,644	5,275	18,683
Profit/loss before tax from discontinued operations	32	-808	1,958	-808	1,958
Operating profit (EBIT)		**4,944**	**21,602**	**4,467**	**20,641**
Adjustment for non-cash items	30	10,062	10,140	6,943	9,402
Change in working capital	31	25,789	-5,107	25,220	-4,589
Cash generated from operations		**40,795**	**26,635**	**36,630**	**25,454**
Financial income received		3,578	1,479	4,236	1,465
Financial expenses paid		-	-107	-	-107
Income tax paid/refunded		-7,279	5,015	-7,279	5,015
Cash flow from operating activities		**37,094**	**33,022**	**33,587**	**31,827**
Purchase of intangible assets		-16,568	-1,944	-7,834	-1,944
Sale of intangible assets		5,176	-	5,176	-
Purchase of securities		-59,951	-54,065	-59,951	-54,065
Sale of securities		33,464	61,198	33,464	61,173
Acquisition of subsidiaries and operations		-	-27,289	-	-27,769
Proceeds from sale of discontinued operations		9,622	3,914	9,622	3,914
Purchase of property, plant and equipment		-9,296	-9,330	-4,825	-9,330
Sale of property, plant and equipment		15,315	-	15,315	-
Cash flow from investing activities		**-22,238**	**-27,516**	**-9,033**	**-28,021**
Balances with subsidiary		-	-	-13,668	-
Dividends paid		-17,882	-17,882	-17,882	-17,882
Cash flow from financing activities		**-17,882**	**-17,882**	**-31,550**	**-17,882**
Change in cash and cash equivalents		-3,026	-12,376	-6,996	-14,076
Cash and cash equivalents at beginning of year		14,648	27,207	12,948	27,207
Foreign exchange adjustment of cash and cash equivalents		-121	-183	-121	-183
Cash and cash equivalents at end of year		**11,501**	**14,648**	**5,831**	**12,948**

Overview of notes to financial statements

Notes to the financial statements

1. Accounting policies

Roblon A/S is a public limited company domiciled in Denmark. The financial statements part of the annual report for the period 1 November 2017 – 31 October 2018 comprises the consolidated financial statements of Roblon A/S and its subsidiaries (the Group) and the financial statements of the parent company.

The consolidated and parent company financial statements of Roblon A/S for 2017/18 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

On 20 December 2018, the Board of Directors and Executive Management considered and approved the annual report of Roblon A/S for 2017/18. The annual report will be submitted to Roblon A/S' shareholders for adoption at the annual general meeting to be held on 24 January 2019.

Basis of preparation
The consolidated and parent company financial statements are presented in DKK, the functional currency of the parent company, rounded to the nearest DKK thousand.

The accounting policies, which are set out below and in note 36 to the financial statements, have been applied consistently for the financial year and for the comparative figures. For standards implemented prospectively, comparative figures are not restated.

The full wording of the accounting policies is set out in note 36 to the financial statements.

Changes to accounting policies
The accounting policies are consistent with the accounting policies applied in the annual report for 2016/17.

Restatement relating to discontinued operations
Effective at 23 February 2018, the Group divested the greater part of the Roblon Engineering business segment. The Group's profit from the divested operations until the selling date is reported as discontinued operations, and comparative figures for 2016/17 have been restated.

Implementation of new standards and interpretations
Roblon A/S has implemented the standards and interpretations that are effective for 2017/18. None of these have affected recognition and measurement or presentation, nor are they expected to materially affect the Group. New and amended standards are implemented when they come into force.

IASB has issued a number of new standards, amendments to existing standards and interpretations, which are not yet in force but will come into force in 2018/19 or later. They include:

- IASB has issued IFRS 9 Financial instruments. The standard is effective for financial years beginning on or after 1 January 2018. Management believes that the implementation of the amended standard and interpretations will not have a material impact on Roblon's annual report.

- IASB has issued IFRS 15 Revenue from Contracts with Customers. The standard is effective for financial years beginning on or after 1 January 2018. Management believes that the implementation of the amended standard and interpretations will not have a material impact on Roblon's annual report.

- IASB has issued IFRS 16 Leases. The standard is effective for financial years beginning on or after 1 January 2019. The standard will change the accounting treatment of leases currently accounted for as operating leases. Under the standard, all leases, regardless of type – with a few exceptions – must be recognised in the lessee's balance sheet as an asset with a corresponding lease liability. The lessee's income statement will also be affected as the annual leasing expense will in future consist of two elements: a depreciation charge and an interest expense, unlike today where annual expenses in respect of operating leases are reported under other external costs. Roblon has yet to perform an in-depth analysis of the impact of the new standard. However, the Company believes that it will have some impact, as Roblon at 31 October 2018 had operating leases or similar arrangements with lease liabilities of (at least) DKKm 2.8, equivalent to approximately 0.1% of total assets, which will potentially have to be recognised in the balance sheet.

Significant accounting estimates
In preparing the annual report, Management makes a number of accounting estimates that form the basis for the presentation, recognition and measurement of the Group's and the parent company's assets and liabilities. The most significant accounting estimates are set out in note 2 to the financial statements.

Notes to the financial statements

2. Uncertainties and estimates

In applying the Group's accounting policies as described in note 36 to the financial statements, Management is required to make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities which cannot be immediately inferred from other sources.

These estimates and assumptions are based on historic experience and other relevant factors. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the reporting period in which changes occur, and in future reporting periods if the change affects the period in which the change occurs as well as subsequent reporting periods.

Significant accounting judgements, estimates, assumptions and uncertainties

Business acquisitions
On acquisition of businesses, the identifiable assets, liabilities and contingent liabilities of the acquired business are recognised at fair value under the purchase method. The most significant assets are generally goodwill, property, plant and equipment and intangible assets, receivables and inventories. For a large part of assets and liabilities taken over, no active markets exist which may be used to determine their fair value. This applies in particular to acquired intangible assets. The methods most commonly applied are based on the present value of future cash flows based on, e.g., royalty rates or other expected net cash flows related to the asset, or the cost approach, which is based on, e.g., the replacement cost. Accordingly, Management uses estimates in determining the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determination of fair value may be subject to uncertainty and may subsequently be adjusted.

Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In that connection, it is necessary to assume e.g. a course of events that reflects Management's assessment of the most probable course of events. In the 2017/18 consolidated financial statements, the following key assumptions and uncertainties should be noted:

Impairment testing of development projects
Development projects in progress are tested for impairment at least annually.

Development costs are not capitalised until the technical and commercial feasibility of the project has been established. Development projects are based on future expectations of customer and market demand.

The expected useful life of completed development projects is determined in connection with the capitalisation of development costs. Management assesses the usual amortisation period to be five years. Based on the above, Management has estimated the recoverable amounts of the development projects by way of expected future net cash flows.

For completed development projects, which are amortised over five years, Management has not found any evidence that their value may be impaired in excess of the amortised amounts. Accordingly, completed development projects have not been tested for impairment.

The value of development projects recognised in the balance sheet at 31 October 2018 was DKKm 6.1 (2016/17: DKKm 8.9).

Trademarks, licences and customer relations and other intangible assets
If there is evidence of impairment, the assets are tested for impairment. The Group's trademarks, licenses and customer relations are connected to products sold in industries characterised by strong demand and growth.

For trademarks, licences and customer relations recognised in the balance sheet, which are amortised over ten years, Management has found evidence that their value may be impaired in excess of the amortised amounts. Accordingly, this group of assets has been tested for impairment. There is no evidence of impairment of other intangible assets, and these have not been tested for impairment.

The value of trademarks, licences and customer relations recognised in the balance sheet at 31 October 2018 was DKKm 17.4 (2016/17: DKKm 4.6).

Inventories
The estimation uncertainty associated with inventories relates to write-down to net realisable value. Inventories are written down in accordance with the Group's practice, which involves an assessment of inventory turnover rate and potential losses due to obsolescence, quality problems and economic trends.

The value of inventories recognised in the balance sheet at 31 October 2018 was DKKm 41.5 (2016/17: DKKm 74.1). Total inventory write-down at 31 October 2018 was DKKm 3.3 (2016/17: DKKm 10.4). The lower inventory write-downs compared with last year were due to the divestment of the greater part of Roblon Engineering, including inventories from this business.

Notes to the financial statements

3. Segment reporting

In 2015/16, Roblon changed its segment reporting to comprise three segments: Industrial Fiber, Lighting and Engineering. During the financial year 2016/17, Roblon Lighting was divested and, as announced in Company Announcement no. 2/2018, the greater part of Roblon Engineering was divested on 23 February 2018 effective 14 March 2018.

As a consequence of the two divestments, the Group's internal reporting is based on a single segment effective from 1 November 2017.

Effective at 1 November 2017, the Roblon Group has 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)

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Revenue from external customers:				
By product groups				
FOC	125,520	101,774	80,013	75,677
Composite	96,321	96,912	67,631	96,912
Total	**221,841**	**198,686**	**147,644**	**172,589**
By geographical markets				
Denmark	12,346	8,063	12,346	8,063
United Kingdom	36,976	35,507	33,358	34,511
Rest of Europe	72,249	50,035	54,595	49,953
Asia	15,558	13,636	14,811	13,296
Brazil	27,802	59,908	27,776	59,894
Latin America	17,007	17,837	1,553	6,153
USA	39,903	13,700	3,205	719
Total	**221,841**	**198,686**	**147,644**	**172,589**

Of the Group's non-current assets, DKKm 47.9 were located in Denmark (2016/17: DKKm 64.0) and DKKm 27.3 in the USA (2016/17: DKKm 16.3).
The Group's revenue largely derived from the sale of goods.

In 2017/18, no single customer accounted for more than 10% of the Group's total revenue. In 2016/17, sales to two customers at DKKm 42.6 and DKKm 28.9, respectively, accounted for more than 10% of the Group's total revenue. Both of these customers are in the Composite product group.

The USD/DKK exchange rate development positively affected the Group's reported revenue by DKKm 0.8 for 2017/18 relative to the expected USD/DKK exchange rate of 625.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
4. Cost of sales				
Cost of sales	125,100	94,173	73,170	77,945
Inventory write-down	-714	-189	-608	-905
Total	**124,386**	**93,984**	**72,562**	**77,040**
5. Work carried out for own account and capitalised				
Work carried out for own account and capitalised as intangible assets, see note 15	3,036	729	3,036	729
Work carried out for own account and capitalised as property, plant and equipment, see note 16	34	65	34	65
Total	**3,070**	**794**	**3,070**	**794**
6. Other operating income				
Profit from sale of non-current assets	30	-	30	-
Management fee, subsidiary	-	-	2,193	1,430
Administrative services rendered to purchaser of divested operations	1,655	-	1,655	-
Rental income	530	225	530	225
Total	**2,215**	**225**	**4,408**	**1,655**
7. Other external costs				
External costs incurred	35,229	31,071	20,314	26,021
Total	**35,229**	**31,071**	**20,314**	**26,021**
Fee to auditors appointed in general meeting				
PwC				
Statutory audit of financial statements	234	-	234	-
Tax advice	5	-	5	-
Fees for other general accounting and tax advice	175	-	175	-
Total	**414**	**-**	**414**	**-**
Deloitte				
Statutory audit of financial statements	78	221	78	221
Tax advice	-	12	-	12
Fees for other general accounting and tax advice	-	40	-	40
Fees for services regarding acquisition of operations in Roblon US	-	587	-	587
Total	**78**	**860**	**78**	**860**

Fees for non-audit services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amount to DKKt 180 and consist in review of tax vouchers, tax advice, etc. in connection with employment of staff abroad and other general accounting advice.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
8. Staff costs				
Wages and salaries	58,193	77,790	56,956	77,628
Defined contribution plans, other	4,529	4,664	4,529	4,664
Other social security costs	1,054	1,365	971	1,365
Cost reimbursement received from public authorities	-706	-725	-706	-725
Total	**63,070**	**83,094**	**61,750**	**82,932**
Staff costs, discontinued operations	-11,452	-36,054	-11,452	-36,054
Staff costs, continuing operations	**51,618**	**47,040**	**50,298**	**46,878**
Remuneration, parent company Board of Directors	770	770	770	770
Remuneration, parent company Executive Management	6,232	5,660	6,232	5,660
Pension contributions, parent company Executive Management	521	403	521	403
Total remuneration and pensions, parent company Executive Management	6,753	6,063	6,753	6,063
Total remuneration and pensions, parent company Board of Directors and Executive Management	7,523	6,833	7,523	6,833
Remuneration, other senior employees	5,692	3,553	4,706	3,553
Pension contributions, other senior employees	375	279	375	279
Total remuneration and pensions, other senior employees	6,067	3,832	5,081	3,832
Total remuneration and pensions, senior employees	13,590	10,665	12,604	10,665

The Group only has defined contribution plans and pays regular contributions to an independent pension company. Roblon thus is not exposed to any risk in relation to the future development of interest, inflation, mortality, disability rates, etc. in respect of the amount eventually payable to the employee.

Average number of full-time employees including discontinued operations	124	146	122	146
Average number of full-time employees excluding discontinued operations	96	87	94	87

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
9. Product development costs (supplementary information)				
Product development costs incurred for own account before capitalisation	7,575	4,446	7,575	4,446
Of this, value of capitalised work for own account	-1,725	-729	-1,725	-729
Of this, capitalised external costs incurred	-769	-306	-769	-306
Recognised in the income statement under other external costs and staff costs	**5,081**	**3,411**	**5,081**	**3,411**
10. Depreciation, amortisation and impairment				
Amortisation, intangible assets	2,324	2,255	899	1,692
Depreciation, property, plant and equipment	8,125	7,797	6,082	6,810
Total	**10,449**	**10,052**	**6,981**	**8,502**
Allocated as follows:				
Continuing operations	10,141	7,965	6,673	6,415
Discontinued operations	308	2,087	308	2,087
Total	**10,449**	**10,052**	**6,981**	**8,502**
11. Financial income				
Return on available-for-sale securities	1,751	1,241	1,751	1,241
Other interest income	105	84	105	73
Interest income from subsidiary	-	-	214	19
Market value gain on securities – reclassified from other comprehensive income	770	1,279	770	1,279
Foreign exchange gain and adjustment (net)	1,558	-	1,781	-
Total	**4,184**	**2,604**	**4,621**	**2,612**
12. Financial expenses				
Other interest expenses	50	88	50	107
Market value loss on securities – reclassified from other comprehensive income	293	448	293	448
Foreign exchange loss and adjustment (net)	-	50	-	50
Total	**343**	**586**	**343**	**605**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
13. Tax on profit for the year				
Tax on the profit for the year is specified as follows:				
Tax on profit for the year from continuing operations	1,938	6,083	1,854	5,757
Tax on profit for the year from discontinued operations	1,939	1,292	1,939	1,292
Tax on other comprehensive income	-378	144	-378	144
Tax on profit for the year	**3,499**	**7,519**	**3,415**	**7,193**
Tax on profit for the year from continuing operations is calculated as follows:				
Current tax	2,778	5,486	2,694	5,160
Deferred tax	-293	734	-597	734
Prior-year tax adjustments	-547	-137	-243	-137
	1,938	**6,083**	**1,854**	**5,757**
Calculated tax on profit before tax from continuing operations. 22%	2,110	4,766	2,102	4,552
Tax effect of:				
Adjustment of tax calculated for foreign group enterprise relative to 22%	-	115	-	-
Non-deductible items	-20	1,230	-20	1,230
Increased tax depreciation base (115%)	-	-11	-	-11
Other adjustments	395	120	15	123
Prior-year tax adjustments	-547	-137	-243	-137
Total	**1,938**	**6,083**	**1,854**	**5,757**
Effective tax rate (%)	20.2	28.1	19.4	27.8

Tax on other comprehensive income, DKKt -378 (2016/17: DKKt 144) relates to tax on available-for-sale financial assets.

Notes to the financial statements

	GROUP	
Amounts in DKK'000	2017/18	2016/17
14. Earnings per share		
Profit for the year after tax, continuing operations	7,655	15,580
Profit for the year after tax, discontinued operations	6,875	4,581
Profit for the year after tax, continuing and discontinued operations	**14,530**	**20,161**
Number of class A shares of DKK 200 each	27,775	27,775
Number of class B shares of DKK 20 each	1,510,400	1,510,400
Calculated total number of shares (class A shares converted at a factor of 10 to 277,750 shares)	1,788,150	1,788,150
Class A shares in percent of calculated total number of shares	15.5%	15.5%
Earnings per class A share, continuing operations	42.8	87.1
Earnings per class A share, discontinued operations	38.4	25.6
Earnings per class A share, continuing and discontinued operations	81.3	112.7
Class B shares in percent of calculated total number of shares	84.5%	84.5%
Earnings per class B share, continuing operations	4.3	8.7
Earnings per class B share, discontinued operations	3.8	2.6
Earnings per class B share, continuing and discontinued operations (EPS)	8.1	11.3

The number of shares is not affected by share options or other matters affecting diluted earnings per share.

Notes to the financial statements

	GROUP				PARENT COMPANY		
Amounts in DKK'000	Completed development projects	Development projects in progress	Trademarks, licenses and customer relations	Other intangible assets	Completed development projects	Development projects in progress	Other intangible assets
15. Intangible assets							
Cost at 1 November 2017	8,608	3,288	9,477	-	8,608	3,288	-
Addition of assets developed in-house 2017/18	-	1,725	-	1,311	-	1,725	1,311
Other additions	-	1,509	8,716	3,289	-	1,509	3,289
Foreign exchange adjustment	-	-	915	-	-	-	-
Disposals	-4,740	-1,475	-	-	-4,740	-1,475	-
Cost at 31 October 2018	**3,868**	**5,047**	**19,108**	**4,600**	**3,868**	**5,047**	**4,600**
Amortisation and impairment at 1 November 2017	2,967	-	563	-	2,967	-	-
Amortisation for the year	900	-	1,425	-	900	-	-
Reversal on disposal	-1,039	-	-	-	-1,039	-	-
Amortisation and impairment at 31 October 2018	**2,828**	**-**	**1,988**	**-**	**2,828**	**-**	**-**
Carrying amount at 31 October 2018	**1,040**	**5,047**	**17,120**	**4,600**	**1,040**	**5,047**	**4,600**
Cost at 1 November 2016	10,543	1,848	-	-	10,543	1,848	-
Addition of assets developed in-house 2016/17	-	1,040	-	-	-	1,040	-
Other additions	-	905	-	-	-	905	-
Additions on acquisition of business	-	-	10,288	-	-	-	-
Foreign exchange adjustment	-	-	-811	-	-	-	-
Disposals	-2,440	-	-	-	-2,440	-	-
Transfers	505	-505	-	-	505	-505	-
Cost at 31 October 2017	**8,608**	**3,288**	**9,477**	**-**	**8,608**	**3,288**	**-**
Amortisation and impairment at 1 November 2016	3,715	-	-	-	3,715	-	-
Amortisation for the year	1,692	-	563	-	1,692	-	-
Reversal on disposal	-2,440	-	-	-	-2,440	-	-
Amortisation and impairment at 31 October 2017	**2,967**	**-**	**563**	**-**	**2,967**	**-**	**-**
Carrying amount at 31 October 2017	**5,641**	**3,288**	**8,914**	**-**	**5,641**	**3,288**	**-**

Notes to the financial statements

15. Intangible assets

All intangible assets other than development projects in progress are considered to have determinable useful lives, over which they are amortised. See the description of accounting policies in note 36 to the financial statements.

Development projects in progress are tested for impairment annually. The test is based on the discounted value in use of the expected cash flows from the assets over their expected useful lives. The cash flows are based on the budget and strategy plans approved by Management and a discount factor of 10% (2016/17: 10%).
No need for impairment write-down has been identified for either the current or the past financial year.

Completed development projects are tested for impairment in the same way as development projects in progress if there is evidence of impairment. There is no evidence of impairment of completed development projects, and these have therefore not been tested for impairment.

Trademarks, licences and customer relations have been tested for impairment. The test is based on the discounted value in use of the expected cash flows from the assets over their expected useful lives. The cash flows are based on the budget and strategy plans approved by Management and a discount factor of 13.6%. No need for impairment write-down has been identified.

There is no evidence of impairment of other intangible assets.

For 2017/18, no need for impairment write-down has been identified (2016/17: DKKm 0).

Notes to the financial statements

	GROUP				PARENT COMPANY			
Amounts in DKK'000	Land and buildings	Plant and machinery	Other fixtures & fittings, tools and equipment	Property, plant & equipment in progress	Land and buildings	Plant and machinery	Other fixtures & fittings, tools and equipment	Property, plant & equipment in progress
16. Property, plant and equipment								
Cost at 1 November 2017	95,854	98,182	8,613	885	95,854	89,867	8,613	885
Addition of assets developed in-house	-	34	-	-		34	-	-
Other additions	356	6,564	254	2,088	356	2,812	254	1,368
Foreign exchange adjustment	-	400	-	-	-	-	-	-
Transfers	265	527	93	-885	265	527	93	-885
Disposals	-32,634	-11,296	-2,642	-	-32,634	-11,296	-2,642	-
Cost at 31 October 2018	**63,841**	**94,411**	**6,318**	**2,088**	**63,841**	**81,944**	**6,318**	**1,368**
Depreciation and impairment at 1 November 2017	58,030	77,053	7,368	-	58,030	76,066	7,368	-
Reversal on disposal	-19,324	-9,505	-2,458	-	-19,324	-9,505	-2,458	-
Depreciation for the year	2,442	5,205	486	-	2,442	3,162	486	-
Depreciation and impairment at 31 October 2018	**41,148**	**72,753**	**5,396**	**-**	**41,148**	**69,723**	**5,396**	**-**
Carrying amount at 31 October 2018	**22,693**	**21,658**	**922**	**2,088**	**22,693**	**12,221**	**922**	**1,368**
Cost at 1 November 2016	89,459	86,430	8,063	1,177	89,459	86,430	8,063	1,177
Addition of assets developed in-house	-	131	-	-	-	131	-	-
Other additions	5,897	2,285	132	885	5,897	2,285	132	885
Additions on acquisition of business	-	9,014	-	-	-	-	-	-
Foreign exchange adjustment	-	-699	-	-	-	-	-	-
Transfers	498	679	-	-1,177	498	679	-	-1,177
Disposals	-	-1,127	-307	-	-	-1,127	-307	-
Transferred to assets held for sale	-	1,469	725	-	-	1,469	725	-
Cost at 31 October 2017	**95,854**	**98,182**	**8,613**	**885**	**95,854**	**89,867**	**8,613**	**885**
Depreciation and impairment at 1 November 2016	55,117	72,290	6,487	-	55,117	72,290	6,487	-
Reversal on disposal	-	-1,127	-307	-	-	-1,127	-307	-
Depreciation for the year	2,913	4,421	463	-	2,913	3,434	463	-
Transferred to assets held for sale	-	1,469	725	-	-	1,469	725	-
Depreciation and impairment at 31 October 2017	**58,030**	**77,053**	**7,368**	**-**	**58,030**	**76,066**	**7,368**	**-**
Carrying amount at 31 October 2017	**37,824**	**21,129**	**1,245**	**885**	**37,824**	**13,801**	**1,245**	**885**

The net proceeds from sales of property, plant and equipment of DKKt 30 have been recognised in other operating income. No property plant and equipment were sold in 2016/17.
Sale of property, plant and equipment from discontinued operations is specified in note 32 to the financial statements. Property, plant and equipment fully depreciated but still in use amounts to DKKm 73.5 (2016/17: DKKm 93.1) calculated at original cost.

Notes to the financial statements

Amounts in DKK'000	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17
17. Investment in subsidiary		
Cost at 1 November	27,796	-
Formation of, and investment in, subsidiary during the year	-	27,796
Cost at 31 October	**27,796**	**27,796**

Name	Registered office	Ownership	Share capital	Amount owed to parent company DKK'000	Equity DKK'000	Profit for the year DKK'000
Roblon US Inc.	North Carolina	100%	USD 0.1	23,188	27,156	226

Amounts in DKK'000	GROUP 2017/18	GROUP 2016/17	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17
18. Receivable regarding sale of discontinued operation				
Receivable from buyer of divested operation	2,718	2,640	2,718	2,640
Total	**2,718**	**2,640**	**2,718**	**2,640**
The receivable falls due within the following periods from the balance sheet date:				
Less than one year	2,718	1,300	2,718	1,300
Between one and two years	-	1,340	-	1,340
Total	**2,718**	**2,640**	**2,718**	**2,640**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
19. Inventories				
Raw materials and consumables	17,423	33,672	11,172	31,312
Work in progress	10,269	13,762	5,440	13,143
Finished goods	13,767	26,685	7,673	22,494
Total	**41,459**	**74,119**	**24,285**	**66,949**
Inventory write-downs:				
Write-downs at 1 November	10,353	10,480	9,637	10,480
Adjustment/write-down of divested inventories	-6,372	-	-5,223	-
Change, write-downs	-714	-127	-608	-843
Write-downs at 31 October	**3,267**	**10,353**	**3,806**	**9,637**

In total, the Group's write-downs for obsolescence amounted to DKKm 3.3 (2016/17: DKKm 10.4), equalling a write-down ratio of 7.3% (2016/17: 12,3%) of the calculated gross value of the inventories.

In total, the parent company's write-downs for obsolescence amounted to DKKm 3.8 (2016/17: DKKm 9.6), equalling a write-down ratio of 13.5% (2016/17: 12.7%) of the calculated gross value of the inventories.

The lower inventory write-downs compared with last year were due to the divestment of the greater part of Roblon Engineering, including inventories from this business.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
20. Trade receivables				
Trade receivables	47,769	46,848	30,423	42,070
Trade receivables	**47,769**	**46,848**	**30,423**	**42,070**

Of the total trade receivables, DKKm 18.3 is secured by letter of credit, other third-party security or by credit insurance (2016/17: DKKm 23.3).

Impairment losses are recognised for receivables if the value is found to be impaired based on an individual assessment of each debtor's ability to pay, for example in case of suspension of payment, bankruptcy, or similar.

Impairment losses are recognised at the determined net realisable value.

Impairment losses on receivables are made via the loss provision account and provisions for losses are regarded as realised when it is no longer considered probable that further payments will be received on the claim.

	GROUP 2017/18	GROUP 2016/17	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17
Provisions at 1 November	415	343	415	343
Reversed provisions	-138	-18	-138	-18
Losses recorded for the year	-277	-246	-277	-246
Provisions for losses for the year	50	336	50	336
Loss provision account at 31 October	**50**	**415**	**50**	**415**
21. Income tax				
Receivable/payable at 1 November	-3,876	7,886	-3,588	7,886
Prior-year income tax paid	5,090	-7,605	5,172	-8,023
	1,214	**281**	**1,584**	**-137**
Prior-year tax adjustments	569	137	243	137
Current tax	-4,131	-6,884	-4,077	-6,596
Current-year tax paid on account	1,928	2,590	1,928	3,008
Receivable/payable at 31 October	**-420**	**-3,876**	**-322**	**-3,588**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**

22. Marketable securities

Marketable securities relate to available-for-sale financial assets. The item comprises listed bonds and equity portfolios, measured at fair value determined as market price at the balance sheet date, which is level 1 in the fair value hierarchy.

Amounts in DKK'000	Group 2017/18	Group 2016/17	Parent company 2017/18	Parent company 2016/17
Cost at 1 November	84,585	90,887	84,585	90,887
Additions during the year	59,951	54,064	59,951	54,064
Disposals during the year	-33,464	-60,366	-33,464	-60,366
Cost at 31 October	**111,072**	**84,585**	**111,072**	**84,585**
Value adjustment at 1 November	1,582	926	1,582	926
Fair value adjustments during the year	-1,341	1,248	-1,341	1,248
Fair value adjustments reclassified to financial income	-477	-592	-477	-592
Value adjustment at 31 October	**-236**	**1,582**	**-236**	**1,582**
Carrying amount at 31 October	**110,836**	**86,167**	**110,836**	**86,167**
The following additional information applies to bonds:				
Average duration of (years)	2.7	2.6	2.7	2.6
Average effective yield of	1.6	1.4	1.6	1.4
The bonds mature within the following periods from the balance sheet date:				
Less than one year	-	-	-	-
Between one and two years	69,357	29,298	69,357	29,298
Between two and three years	6,911	31,641	6,911	31,641
Between three and four years	2,685	-	2,685	-
Between four and five years	1,787	-	1,787	-
More than five years	12,499	10,520	12,499	10,520
Total	**93,239**	**71,459**	**93,239**	**71,459**
Total equities	**17,597**	**14,708**	**17,597**	**14,708**
Total marketable securities	**110,836**	**86,167**	**110,836**	**86,167**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	2017/18	2016/17	2017/18	2016/17
23. Cash				
Cash and bank balances	**11,501**	**14,648**	**5,831**	**12,948**

	NUMBER		NOMINAL VALUE, DKK'000	
	2017/18	2016/17	2017/18	2016/17
24. Equity				
Share capital				
Class A shares of DKK 200 each	27,775	27,775	5,555	5,555
Class B shares of DKK 20 each	1,510,400	1,510,400	30,208	30,208
Total			**35,763**	**35,763**

Notes to the financial statements

24. Equity

Each class A share amount of DKK 200 carries 100 votes
Each class B share amount of DKK 20 carries 1 vote

In a stock split on 25 March 2013, the denomination of the class B share was changed from DKK 100 to DKK 20 in order to improve the liquidity of the share.

The share capital is fully paid up.

The A shares are not listed.

The B shares are listed. If dividend is declared, holders of B shares have a preferential right to dividend of 8% of their nominal shareholding.

Any remaining dividends accrue to the holders of A shares until they have received dividend equalling 8% of their nominal shareholding. Any remaining dividend thereafter will be distributed evenly among all shares, regardless of share class.

Currency translation reserve
The currency translation reserve comprises the Group's share of foreign exchange differences on translation of the assets and liabilities of subsidiary with another functional currency than DKK and foreign exchange adjustments relating to foreign exchange transactions hedging the Group's net investments in subsidiary.

The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedge is no longer effective.

Reserve for available-for-sale financial assets
Reserve for available-for-sale financial assets comprises the accumulated change in the fair value of available-for-sale financial assets.

The reserve is reclassified to the income statement if available-for-sale assets are sold or if the assets are no longer classified as available for sale.

Reserve for development costs
Reserve for development costs in the parent company comprises capitalised development costs adjusted for the tax effect of amortisation and impairment.

The reserve for development costs was introduced with effect for the annual report for 2016/17 without restatement of comparative figures.

The reserve is dissolved if the capitalised development costs are sold or otherwise decommissioned. The reserve decreases as a result of regular amortisation or any impairment. If an impairment loss is subsequently reversed, the reserve is restored.

Amounts in the reserve for development costs may not be distributed as dividends.

Dividends
Dividends are recognised as a liability at the date when they are adopted at the annual general meeting. The proposed dividend payment for the year is disclosed as a separate item under equity until adopted in general meeting. For the 2017/18 financial year, a dividend of DKK 10 per class B share and DKK 100 per class A share is proposed.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
25. Provision for deferred tax				
Deferred tax at 1 November	4,941	4,207	4,941	4,207
Deferred tax for the year, recognised in profit for the year	-293	734	-597	734
Deferred tax at 31 October	**4,648**	**4,941**	**4,344**	**4,941**
The provision for deferred tax relates to:				
Current assets	530	963	530	963
Intangible assets	2,351	1,964	2,351	1,964
Property, plant and equipment	1,864	2,174	1,560	2,174
Non-current liabilities	-97	-160	-97	-160
Total	**4,648**	**4,941**	**4,344**	**4,941**
26. Other provisions				
Other provisions at 1 November	725	575	725	575
Additions during the period	460	725	460	725
Used during the period	-745	-575	-745	-575
Other provisions at 31 October	**440**	**725**	**440**	**725**

Other provisions comprise warranty obligations expected to be used within one year

Warranty obligations relate to goods sold with a warranty. The provision is based on individual assessments of the remedial costs.

Notes to the financial statements

	GROUP	
Amounts in DKK'000	**31 October 2018**	**31 October 2017**
27. Financial risks		
Specification of financial assets and liabilities		
Non-current receivable regarding sale of discontinued operation	-	1,340
Current receivable regarding sale of discontinued operation	2,718	1,300
Trade receivables	47,769	46,848
Other receivables	1,073	2,460
Cash	11,501	14,648
Total loans, advances and receivables	**63,061**	**66,596**
Marketable securities	110,836	86,167
Available-for-sale financial assets	**110,836**	**86,167**
Advance payments from customers	2,262	7,951
Trade payables	27,106	22,688
Other payables	7,541	13,860
Financial liabilities measured at amortised cost	**36,909**	**44,499**

As a consequence of its operations and investments, the Group is exposed to a number of financial risks, including market risk (currency and interest rate risk) and credit risk.

The Group's cash reserve comprises cash, marketable securities and unutilised credit facilities.

All financial liabilities fall due within one year.

Roblon's policy is to maintain a low risk profile so that currency, interest rate and credit risks arise only in commercial relations.
It is Group policy not to engage in active speculation in financial risks.

Relevant matters relating to the Group's risk management are described in the following section. There are no significant changes in the Group's risk exposure or risk management as compared with 2016/17.

Notes to the financial statements

Amounts in DKK'000	Receivables/cash and cash equivalents	Debt	Net position

27. Financial risks

Currency risk

The Group primarily hedges its currency risks by matching the currency of payments received with the currency of payments made.
The matching is made on the basis of monitoring of foreign exchange holdings compared with known order backlog and purchases.

The Group's currency positions at 31 October 2018 stated in DKK:

Currency	Receivables/cash and cash equivalents	Debt	Net position
EUR	24,583	-5,193	19,390
USD	27,823	-17,201	10,622
GBP	260	-3	257
Other	0	-35	-35
Total	**52,666**	**-22,432**	**30,234**

A 10% depreciation of the USD/DKK exchange rate at the balance sheet date would impact profit and equity negatively by approximately DKKm 1.1 (2016/17: DKKm 0.8).
A corresponding increase would impact profit and equity positively by DKKm 0.6 (2016/17: DKKm 0.8).
A 10% depreciation of the GBP exchange rate would impact profit and equity negatively by less than DKKm 0.1.
A 10% depreciation of other currencies would impact profit and equity positively by less than DKKm 0.1.

The Group's currency positions at 31 October 2017 stated in DKK:

Currency	Receivables/cash and cash equivalents	Debt	Net position
EUR	41,704	-15,045	26,659
USD	10,041	-5,287	4,754
GBP	2,511	-	2,511
Total	**54,256**	**-20,332**	**33,924**

The Group's trade receivables and trade payables normally fall due within three months of delivery.

Over the years, the Group has accumulated a liquidity surplus and has not been dependent on debt financing.
The surplus liquidity is placed as cash funds in bank accounts, in listed bonds and equities.

Notes to the financial statements

27. Financial risks

Risks related to securities
The Group has invested DKKm 110.8 via asset management agreements. The 12-month Value at Risk (VaR) is 3.63%, which means that with a 95% confidence level, the Group's maximum loss risk is up to DKKm 4.0 of the total value of securities at 31 October 2018 (2016/17: DKKm 3.6).

The Group has contracted with Danske Capital and Nykredit Asset Management to follow an active management strategy with low risk exposure.

Marketable securities relate to available-for-sale financial assets. The item comprises listed bonds and equity portfolios, measured at fair value determined as market price at the balance sheet date, which is level 1 in the fair value hierarchy.

Interest rate risk:
Bonds have an average duration of 2.7 (2016/17: 2.6), which is used as the basis for the below calculation of the impact of interest rates on equity.

A one percentage point p.a. rise in the market rate relative to the interest rate level at the balance sheet date would have a negative impact of DKKm 2.5 (2016/17: DKKm 1.9) before tax on the Group's equity related to losses on the bond portfolio. A corresponding fall in the market rate would have a corresponding positive effect of DKKm 2.5 (2016/17: DKKm 1.9).

A one percentage point p.a. rise in the market rate relative to the interest rate level at the balance sheet date would have a positive impact of DKKm 0.1 (2016/17: DKKm 0.1) before tax on the Group's profit and equity related to an interest rate gain on cash. A corresponding fall in the market rate would have a corresponding negative effect of DKKm 0.1 (2016/17: DKKm 0.1).

Interest rate risk is managed by way of agreements with Danske Capital and Nykredit Asset Management, as described above.

Liquidity risk:
The Group ensures sufficient cash resources through a combination of cash management, investment in marketable securities and establishment of credit facilities.

In order to limit the Group's counterparty risk, deposits are placed with systemic banks only and invested in a portfolio of highly secure and liquid marketable securities.

The Group's cash reserve consists of the following:

Amounts in DKK'000	**2017/18**	**2016/17**
Available-for-sale marketable securities	110,836	86,167
Cash	11,501	14,648
Unutilised credit facilities	10,000	10,000
Total	**132,337**	**110,815**

Notes to the financial statements

27. Financial risks

Credit risk

The Group's principal credit risk relates to trade receivables. The Group does not have significant risk exposure to any individual customer or business partner. According to the Group's policy for assuming credit risk, all major customers and business partners are credit rated. Receivables are partially credit insured and a significant portion of the Group's receivables are secured by other forms of security. Based on the Group's knowledge of the customers in question and its internal credit rating procedures, the credit quality of non-impaired receivables is considered high and the risk of losses low.

Historically, the Group has suffered relatively minor losses on trade receivables, and the risk of significant losses on total receivables is considered to be limited. See also note 20, Trade receivables.

Of the total trade receivables, DKKm 18.3 is secured by letter of credit, other third-party security or by credit insurance (2016/17: DKKm 23.3).

Overdue, but not impaired receivables are distributed as follows:

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**31 October 2018**	**31 October 2017**	**31 October 2018**	**31 October 2017**
Overdue by up to one month	5,159	2,819	1,236	2,765
Overdue by between one and three months	2,475	3,407	801	2,305
Overdue by between three and six months	332	556	217	483
Overdue by more than six months	2,481	1,230	2,319	1,230
Total	**10,447**	**8,012**	**4,573**	**6,783**

The maximum credit risk exposure to receivables corresponds to their carrying amount.

Specifically in respect of receivables overdue by more than six months, a loss provision of DKKt 50 was made at 31 October 2018 (2016/17: DKKt 415).

Optimisation of capital structure

Management regularly considers whether Roblon's capital structure best serves the Group's and its shareholders' interests. The overriding goal is to ensure a capital structure that supports long-term financial growth and at the same time maximises the return for Roblon's stakeholders. The Group's overall strategy is unchanged compared to last year.

The Group's capital structure consists of available-for-sale financial assets, cash and equity, including share capital, other reserves and retained earnings.

The Group has substantial equity and robust capital resources, which are considered to be a significant strength with regard to any future activity expansions. With the current ownership structure, the Group has no immediate plans to propose a merger of the two share classes, which is considered an obstacle to raising capital on the stock exchange. Accordingly, the Group needs stronger capital resources than would otherwise be the case.

It is the Company's intention to distribute dividends annually corresponding to 50% of the nominal value of the B share, equivalent to DKK 10 per B share. In addition to this, the Board of Directors may propose to the shareholders the distribution of an interim dividend for a given financial year.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**

28. Rental and lease commitments and commitments under service agreements entered into on acquisition of business

On acquisition of a business in the USA in April 2017, the Group entered into a number of service agreements with the seller to ensure a smooth transition in connection with the acquisition. Service agreements were entered into regarding sales, finance and IT, production and leasing of production and office facilities.

The agreements have terms of 1-4 years from commencement in April 2017, and each agreement has an option for extension by up to two years.

In addition, the Group has concluded operating leases for company cars.

The total minimum lease payment on non-terminable leases and service agreements breaks down as follows:

Within one year of the balance sheet date	4,996	4,343	186	216
Between one and five years from the balance sheet date	6,342	7,528	366	84
Total	**11,338**	**11,871**	**552**	**300**
Rental and lease costs recognised in profit for the year	5,381	2,794	238	251

The parent company lets production facilities under a lease which is non-terminable in respect of both parties for three years from commencement in April 2017. The rent for the three years amounts to DKKm 1.8.

29. Contingent liabilities

Bank guarantees have been provided in the amount of DKKm 1.5 as security for advance payments received (2016/17: DKKm 0.9).

Roblon A/S is taxed jointly in Denmark with ES Holding Frederikshavn ApS as the administration company. Pursuant to the relevant provisions of the Danish Corporation Tax Act, the Company is liable for income taxes etc. for the jointly taxed companies, and as from 1 July 2012 for any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
30. Adjustment for non-cash items				
Profit from sale of property plant and equipment	30	-	30	-
Depreciation, amortisation and impairment	10,449	10,053	6,981	8,502
Provisions	-285	-400	-285	-400
Adjustment, current portion of seller financing on the sale of discontinued operations	-	1,300	-	1,300
Foreign exchange adjustment	-132	-813	217	-
Total	**10,062**	**10,140**	**6,943**	**9,402**
31. Change in working capital				
Change in inventories	32,660	7,341	42,664	6,525
Change in receivables	719	-13,477	3,818	-8,700
Change in current liabilities	-7,590	1,029	-21,262	-2,414
Total	**25,789**	**-5,107**	**25,220**	**-4,589**

Notes to the financial statements

Amounts in DKK'000	GROUP 2017/18	GROUP 2016/17	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17

32. Discontinued operations

Effective at 23 February 2018, Roblon concluded an agreement to sell the greater part of the Roblon Engineering business segment, comprising the sale of business activities related to rope-making equipment, twisters and winders. Information on the transaction can be found in Company Announcement no 2/2018 "Roblon enhances focus on the Industrial Fiber business segment". The profit from these operations until 23 February 2018 and from the divestment of the activities is reported as discontinued operations, and comparative figures have been restated. Moreover, the restated comparative figures for 2016/17 comprise the profit/loss of Roblon Lighting, which was divested in 2017 and was also reported as discontinued operations for this period.

As part of the agreement to sell Roblon Lighting, the Group provided a loan of DKKm 2.6, which carries interest at 3% p.a. and is repayable over two years from its conclusion on 30 April 2017.

Amounts in DKK'000	GROUP 2017/18	GROUP 2016/17	PARENT COMPANY 2017/18	PARENT COMPANY 2016/17
Income statement, discontinued operations				
Revenue	27,183	98,244	27,183	98,244
Cost of sales	-11,121	-44,252	-11,121	-44,252
Gross profit	**16,062**	**53,992**	**16,062**	**53,992**
Work carried out for own account and capitalised	-	377	-	377
Other operating income	-	-	-	-
Other external costs	-5,100	-14,269	-5,100	-14,269
Staff costs	-11,452	-36,054	-11,452	-36,054
Depreciation, amortisation and impairment	-318	-2,087	-318	-2,087
Operating profit	**-808**	**1,959**	**-808**	**1,959**
Tax on profit for the year	178	-431	178	-431
Operating profit after tax	**-630**	**1,528**	**-630**	**1,528**
Net proceeds from divestment of operations	9,622	3,914	9,622	3,914
Tax on this amount	-2,117	-861	-2,117	-861
Proceeds from divestment of operations	7,505	3,053	7,505	3,053
Profit for the year	**6,875**	**4,581**	**6,875**	**4,581**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2017/18**	**2016/17**	**2017/18**	**2016/17**
32. Discontinued operations				
Discontinued operations affected the statement of cash flows as follows:				
Cash flow from operations	38,236	10,845	38,236	10,845
Cash flow from investments	-706	-8,108	-706	-8,108
Total	**37,530**	**2,737**	**37,530**	**2,737**

Profit before tax from sale of discontinued operations amounted to DKKm 8.8, comprising an operating loss during the Group's period of ownership to 23 February 2018 of approx. DKKm 0.8 and net profit from the sale of operations of DKKm 9.6. The net profit is determined by deducting the value of transferred assets at 23 February 2018, transferred debt, warranty provisions and transaction costs incurred for financial and legal advisors etc., from the final selling price of DKKm 64.0.

The entire profit for the year from discontinued operations is attributable to the shareholders of Roblon A/S.

No accumulated income or costs are recognised in other comprehensive income relating to assets held for sale.

Notes to the financial statements

	PARENT COMPANY	
Amounts in DKK'000	2017/18	2016/17

33. Related parties

Roblon's related parties exercising significant influence are the Group's Board of Directors, Executive Management and senior employees and their close family members. Related parties also include major shareholders exercising control over the Group and its subsidiary Roblon US Inc.

Board of Directors and Executive Management

Management's remuneration is disclosed in note 8.

Shareholders exercising control over the Group

ES Holding Frederikshavn ApS, Marmorvej 23, 3rd floor left, DK-2100 Copenhagen Ø, owns the class A shares in Roblon A/S and exercises control over the Group.

There were no transactions with ES Holding Frederikshavn ApS other than joint taxation contributions and dividends to the parent company, ES Holding Frederikshavn ApS.

Amounts in DKK'000	2017/18	2016/17
Transactions with the subsidiary, Roblon US Inc.		
Sale of goods to subsidiary	247	-
Purchase of goods from subsidiary	1,200	-1,237
Management fee from subsidiary	2,193	1,430
Reinvoiced travel expenses, etc.	2,591	-
Interest income from subsidiary	214	19
Amount owed by subsidiary	23,188	-
Amount owed to subsidiary	-	661

Transactions with the subsidiary were eliminated in the consolidated financial statements in accordance with the accounting policies. All transactions with the subsidiary were carried out on an arm's length basis.

Other than as mentioned above, there were no transactions between Roblon and the Board of Directors, Executive Management, senior employees, major shareholders, subsidiary or other related parties.

Notes to the financial statements

	OWNERSHIP %		VOTING SHARE %	
	2018	2017	2018	2017
34. Shareholder Information				
The Group has registered the following shareholders holding more than 5% of the voting rights or nominal value of the share capital:				
ES Holding Frederikshavn ApS, CVR no. 29325731, Marmorvej 23, 3rd floor left, DK-2100 Copenhagen Ø	25.1	25.1	68.8	68.8
Investeringsforeningen Fundamental Invest, CVR no. 25709675	6.1	6.1	2.7	2.7

Roblon A/S is comprised by the consolidated financial statements of ES Holding Frederikshavn ApS. The financial statements are publicly available from the Danish Business Authority (www.cvr.dk).

35. Events after the balance sheet date

No significant events have occurred after the balance sheet date of 31 October 2018 of significance to the annual report.

Notes to the financial statements

36. Accounting policies

In addition to the description in note 1, the accounting policies are set out below.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group/the parent company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when, as a result of a past event, the Group/the parent company has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation and the value of the obligation can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into consideration any gains, losses and risks that arise before the presentation of the annual report and that confirm or invalidate matters existing at the balance sheet date.

Income is recognised as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. In addition, expenses incurred to generate the income for the year are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals of amounts previously recognised in the income statement as a result of changed accounting estimates.

Segment reporting

Based on the internal reporting to Roblon's parent company Board of Directors, the segment reporting comprises a single segment. Additional information is provided on external revenue by product groups:

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

Discontinued operations and non-current assets held for sale
Discontinued operations are significant business areas that have been sold or are held for sale in accordance with a single, co-ordinated plan.

The profit/loss from discontinued operations is presented as a separate income statement item consisting of operating profit after tax of the operations in question and any profit or loss on fair value adjustment or sale of the assets and liabilities related to the activity.

Non-current assets and groups of assets held for sale are presented separately as current assets in the balance sheet.

Liabilities directly related to the assets in question are presented as current liabilities in the balance sheet.

Non-current assets held for sale are not depreciated or amortised, but are written down to fair value less expected costs to sell where this is lower than the carrying amount.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent company, Roblon A/S, and any subsidiaries in which Roblon A/S has control over the company's financial and operating policies so as to obtain returns or other benefits from its activities. Control is achieved by directly or indirectly owning or having disposal of more than 50% of the voting rights or otherwise having control of the company in question.

When assessing whether Roblon A/S has control or significant influence, de-facto control and potential voting rights that are real and substantive at the balance sheet date are taken into account.

The consolidated financial statements are prepared by consolidating the parent company's and the individual subsidiaries' financial statements, prepared in accordance with the Group's accounting policies with elimination of intra-group income and costs, shareholdings, balances and dividends as well as realised and unrealised profits on transactions between the consolidated businesses.

Financial statement items of subsidiaries are recognised 100% in the consolidated financial statements.

Business combinations
Newly acquired or newly formed businesses are recognised in the consolidated financial statements from the acquisition date. Comparative figures are not corrected for newly acquired businesses. Discontinued operations and assets held for sale are presented separately.

On acquisition of new businesses in which the Group assumes control over the acquired business, the purchase method is applied. The identifiable assets, liabilities and contingent liabilities of the acquired business are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they can be separated or if they arise from a contractual right. Deferred tax is recognised on the basis of the revaluations made.

The acquisition date is the date on which the Group actually assumes control of the acquired business. Costs attributable to business combinations are recognised in other external costs in the year in which they are incurred.

If the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of purchase consideration is subject to uncertainty at the acquisition date, initial recognition will be based on a preliminary calculation of the values. If the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities on initial recognition subsequently proves to have been incorrect, the calculation is adjusted retrospectively until 12 months after the acquisition, and comparative figures are restated.

Profits or losses on disposal of subsidiaries and associates are stated as the difference between the selling price and the carrying amount of net assets, including goodwill, at the date of disposal and costs related to selling or winding-up.

FOREIGN CURRENCY TRANSLATION

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity in question operates. Transactions in currencies other than the functional currency are transactions in foreign currency.

On initial recognition, transactions in foreign currency are translated to the functional currency at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the exchange rate at the payment date are recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items in foreign currency are translated to the functional currency at the exchange rate at the balance sheet date.

Notes to the financial statements

The difference between the exchange rate at the balance sheet date and the exchange rate at the time the receivable or debt arose or the exchange rate in the most recent annual report is recognised in the income statement as financial income or expenses.

On recognition in the consolidated financial statements of subsidiaries with another functional currency than DKK, income statement and other comprehensive income items are translated at the exchange rates at the transaction date and balance sheet items are translated at the exchange rates at the balance sheet date. The average exchange rate for the individual month is used as the exchange rate at the transaction date to the extent that this does not produce a significantly different outcome.

Foreign exchange differences arising on translation of these businesses' opening equity to the exchange rate at the balance sheet date and on translation of income statements from the exchange rate at the transaction date to the exchange rate at the balance sheet date are recognised in other comprehensive income as a separate currency translation reserve under equity.

Operating leases
Operating lease payments are recognised in profit/loss on a straight-line basis over the lease term.

INCOME STATEMENT

Revenue
Revenue from the sale of goods for resale and finished goods is recognised in profit/loss when transfer of risk to the buyer has taken place.

Revenue is measured excluding VAT, taxes and duties and other charges by third parties. Expenses incurred in connection with sales and securing contracts are recognised in the income statement as incurred.

Other operating income and expenses
Other operating income and expenses comprise items secondary to the principal objective of the company.

Cost of sales
Costs comprise raw materials and consumables used in the manufacturing process to generate revenue. Raw materials and consumables used in capitalised development projects are set off against the item.

Other external costs
Other external costs mainly comprise selling and distribution costs, maintenance costs, costs of premises and administrative expenses. Other external costs also comprise external costs relating to development projects for own account that do not qualify for capitalisation.

Development projects for own account
Development costs for own account are incurred where a project is launched before an agreement is reached with a third party to co-fund the development project. Development costs are generally recognised in the income statement when incurred. For development projects marketed in the form of new products in a potential market, and where the development projects are clearly defined, the development costs are capitalised.

Staff costs
Staff costs comprise costs for production staff as well as sales, procurement, development and administrative staff.

Financial income and expenses
Financial income and expenses comprise interest, foreign exchange gains and losses and impairment losses on debt and transactions in foreign currencies, amortisation of financial assets and liabilities and surcharges and allowances under the tax prepayment scheme, etc.

Distributions of profits in subsidiaries are recognised in the parent company's income statement in the financial year in which the dividend is declared. If the distributed amount exceeds the comprehensive income of the subsidiary for the period, an impairment test is performed.

Tax
Tax on the profit for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to items recognised in other comprehensive income is recognised in other comprehensive income.

The current tax charge for the year is calculated based on the tax rates and rules applicable at the balance sheet date.

Roblon A/S is jointly taxed with the parent company. The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable income (full absorption with refunds for tax losses). It has not yet been decided whether Roblon US Inc. will be included in the joint tax scheme with the parent company.

BALANCE SHEET

Intangible assets
Intangible assets are measured at the lower of cost less accumulated amortisation and impairment and the recoverable amount. Development costs comprise costs, wages and salaries directly attributable to the Group's development activities. Any interest expenses on loans to finance development projects are included in cost if they relate to the development period.

Development projects that are clearly defined and identifiable, and where the technical utilisation degree, sufficient resources and potential future market or development opportunities in the Group are evidenced, and where the Group intends to produce, market or use the project, are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group and the development costs of the individual asset can be measured reliably. Those of the Group's development costs that do not meet the above capitalisation criteria are taken to profit/loss during the year in which they are incurred.

Once completed, development projects are amortised on a straight-line basis over their estimated economic lives. The amortisation period of capitalised projects has been set at five years.

The value of development projects in progress is tested for impairment annually.

Trademarks and other intangible assets acquired in business combinations are measured at cost less accumulated amortisation and impairment losses.

Trademarks are amortised on a straight-line basis over 10 years and other intangible assets are amortised on a straight-line basis over 3-10 years. Completed development projects, trademarks and other intangible assets are tested for impairment if there is evidence that their value may be impaired in excess of the amortised amounts.

Property, plant and equipment
Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated. The useful lives and residual values of property, plant and equipment are reassessed annually. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The cost of assets manufactured by the Group comprises direct and indirect costs of materials, components, subsuppliers and labour.

Notes to the financial statements

Any interest expenses on loans to finance the manufacture of property, plant and equipment are recognised in cost if such expenses relate to the production period.

Property, plant and equipment is written down to the recoverable amount where this is lower than the carrying amount.

The basis of depreciation is cost less residual value. Depreciation is calculated on a straight-line basis over the expected useful lives, which are as follows:

Buildings	25 years
Significant modifications to buildings	5 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Profits and losses on the sale of property, plant and equipment are determined as the difference between the selling price less costs to sell costs and the carrying amount at the selling date. Profits or losses are recognised in the income statement under other operating income and expenses.

Impairment testing of non-current assets
The carrying amount of non-current intangible assets and property, plant and equipment is tested for evidence of impairment at least annually. When there is evidence that an asset may be impaired, the recoverable amount of the asset is determined.

The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised where the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit.

Investments in subsidiaries in the annual report of the parent company
Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, the investments are written down to this lower value.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The cost of raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and production overheads. Production overheads comprise indirect materials and labour costs as well as maintenance and depreciation of production machinery, buildings and equipment.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected selling price.

Receivables
Receivables comprise trade receivables as well as other receivables.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, usually corresponding to the nominal value less provision for bad debts.

Marketable securities
Marketable securities relate to available-for-sale financial assets and comprise listed bonds and equities.

On initial recognition, the item is measured at fair value at the settlement date with the addition of costs directly attributable to the purchase. The assets are subsequently measured at fair value at the balance sheet date (equal to market price), and changes in the fair value are recognised in other comprehensive income. When the assets are sold or settled, prior year adjustments are reversed through profit/loss.

Fair value measurement
The Group uses the fair value convention in connection with certain disclosure requirements and for the recognition of financial instruments.
Fair value is defined as the price obtainable when selling an asset, or payable when transferring a liability, in an arm's length transaction between market participants (exit price).

Fair value is a market-based, not a company-specific - valuation. The Company uses the assumptions that market participants would apply in pricing the asset or liability based on the prevailing market conditions, including assumptions relating to risk. Accordingly, the Company's intentions with owning the asset or settling the liability are not considered when determining fair value.

Fair value measurement is based on the primary market. If no primary market exists, fair value is based on the most advantageous market, defined as the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities that are measured at fair value, or whose fair value is disclosed, are categorised under the fair value hierarchy as described below:

- Level 1: Value determined on the basis of the market value of similar assets/liabilities in an active market
- Level 2: Value determined according to recognised valuation methods based on observable market inputs.
- Level 3: Value determined according to recognised valuation methods and reasonable estimates (unobservable market inputs).

Other provisions
Provisions are recognised when, as a consequence of an event occurring before or at the balance sheet date, the company has a legal or constructive obligation, and it is probable that there may be an outflow of economic benefits to meet the obligation.

Liabilities
Current liabilities, which comprise trade payables and other payables, are measured at amortised cost, usually corresponding to nominal value.

Income tax
Current tax payable and receivable is recognised in the balance sheet as the tax charge on the taxable income for the year, adjusted for tax paid on account.

Deferred tax
Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets are recognised in the amount at which they are expected to be utilised as set-off against deferred tax liabilities. Deferred tax is measured on the basis of the tax regulations and rates that, according to the applicable legislation at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax. With regard to changes in deferred tax resulting from changes in tax rates, the part relating to profit/loss for the year is recognised in the income

Notes to the financial statements

statement, and the part relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Statement of cash flows
The statement of cash flows is prepared according to the indirect method based on operating profit (EBIT) as set out in the income statement. The statement of cash flows indicates how the three activities set out below have impacted cash and cash equivalents for the year.

Cash flow from operating activities comprises EBIT, adjusted for non-cash operating items, changes for the year in working capital and income tax paid.

Cash flow from investing activities comprises cash flows from purchase and sale of intangible assets, property, plant and equipment and financial assets.

Cash flow from financing activities comprises cash flows from for example shareholder dividends, purchase and sale of treasury shares and subscription of employee shares.

Cash and cash equivalents comprises cash and bank deposits.

Notes to the financial statements

37. Financial ratio definitions and formulas

The financial ratios have been calculated in accordance with ‘Recommendations & Ratios’. issued by the Danish Finance Society.

The key figures and ratios set out in Financial highlights are calculated as follows:

Order book	The value of orders received that will generate revenue in subsequent financial years
Order intake	Order book at year end + revenue - order book at beginning of year
Book-to bill ratio	Order intake / revenue
Revenue growth	(Revenue in year n - revenue in year n-1) * 100 / revenue in year n-1
Gross profit	Revenue less cost of sales
Gross margin	Gross profit * 100 / revenue
EBIT margin	Operating profit * 100 / revenue
ROIC/return on average invested capital	Operating profit (EBIT) * 100 / average invested capital. Invested capital comprises equity and income tax less cash and cash equivalents and securities
Equity ratio	Equity * 100 / total assets at year end
Return on equity	Profit after tax * 100 / average equity
Working capital	Inventories + receivables - current liabilities (adjusted for tax)
Working capital, % of revenue	Working capital * 100 / revenue
Average no. of full-time employees	Total ATP contribution / ATP rate for a full-time employee
Gross profit per full-time employee	Gross profit / average no. of full-time employees
Earnings per DKK 20 share (EPS)	Profit after tax / average number of shares (excluding treasury shares), calculated in accordance with IAS 33
Price/earnings ratio (PE)	Market price / earnings per DKK 20 share
Payout ratio	Total dividend payment * 100 / profit after tax
Cash flow per DKK 20 share from operations	Cash flows from operating activities / average number of shares (excluding treasury shares)
Book value of shares	Equity / number of shares at year end (excluding treasury shares)
Price/book value	Quoted year-end market price / book value of shares

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