Roblon

Annual report 2018/2019

Roblon A/S
Nordhavnsvej 1
DK-9900 Frederikshavn
CVR no. 57 06 85 15

Table of contents

03 Roblon in five minutes

03 Financial highlights
04 Facts about Roblon
05 Performance for 2018/19 and outlook for 2019/20

06 Strategy and financial targets

06 Business scope
08 Industry and market potential
10 2021 Strategy
11 Product and business development

14 Financial performance

14 Matters of note in 2018/19
16 Financial statements 2018/19
16 Consolidated income statement
21 Consolidated balance sheet
21 Parent company
22 Outlook for 2019/20

23 Corporate governance and investor information

23 Risk management
25 Corporate social responsibility
26 Corporate governance
27 Investor information
29 Board of Directors and Executive Management

30 Statement and report

30 Statement by Management
32 Independent Auditors' Report

37 Financial statements

38 Income statement
38 Statement of comprehensive income
39 Balance sheet
40 Equity and dividends
41 Statement of cash flows
42 Overview of notes to financial statements
43 Notes to the financial statements

Financial highlights

	Unit	2018/19	2017/18	2016/17	2015/16	2014/15
Orders						
Order intake, continuing operations	DKKm	250.8	226.9	220.4	173.8	116.7
Order book, continuing operations	DKKm	35.8	54.7	48.9	28.8	16.5
Income statement						
Revenue, continuing operations	DKKm	267.2	221.8	198.6	161.3	134.6
Revenue, discontinued operations	DKKm	-	27.2	98.4	90.3	93.1
Revenue, total	DKKm	267.2	249.0	297	251.6	227.7
Gross profit, continuing operations	DKKm	122.6	108.0	104.6	87.9	81.2
Operating profit/loss (EBIT), continuing operations	DKKm	-22.4	5.8	19.6	26.0	19.8
Net financial items, continuing operations	DKKm	2.8	3.8	2.0	0.7	1.9
Profit/loss before tax from continuing operations	DKKm	-19.7	9.6	21.6	26.7	21.7
Profit/loss before tax from discontinued operations	DKKm	-	8.8	5.9	-1.3	2.3
Total profit/loss before tax	DKKm	-19.7	18.4	27.5	25.4	24
Profit/loss for the year from continuing operations	DKKm	-14.6	7.7	15.6	20.9	16.7
Profit for the year from discontinued operations	DKKm	-	6.9	4.6	-0.9	1.7
Total profit/loss for the year	DKKm	-14.6	14.5	20.2	20.0	18.4
Balance sheet						
Cash and securities	DKKm	54.1	122.3	100.8	119.0	115.6
Assets	DKKm	271.6	290.8	306.4	300.6	287.4
Working capital	DKKm	87.2	55.9	50.9	31.8	33.1
Share capital	DKKm	35.8	35.8	35.8	35.8	35.8
Invested capital	DKKm	160.3	131.1	111.3	73.3	69.4
Equity	DKKm	216.0	248.3	252.3	251.8	249.7
Cash flows						
Cash flow from operating activities	DKKm	-35.6	37.1	33	28.1	23.2
Cash flow from investing activities	DKKm	38.3	-22.2	-27.5	-38.7	-67
Of which movement in marketable securities	DKKm	61.1	-26.5	7.1	-31.8	-49.3
Of which investment in property plant and equipment	DKKm	-14.2	6.0	-9.3	-4.0	-15.4
Cash flow from financing activities	DKKm	-11.2	-17.9	-17.9	-17.9	-21.5
Depreciation, amortisation and impairment, total	DKKm	-20.8	-10.4	-10.1	-9.6	-8.4
Cash flow for the year	DKKm	-8.5	-3.0	-12.4	-28.4	-65.3

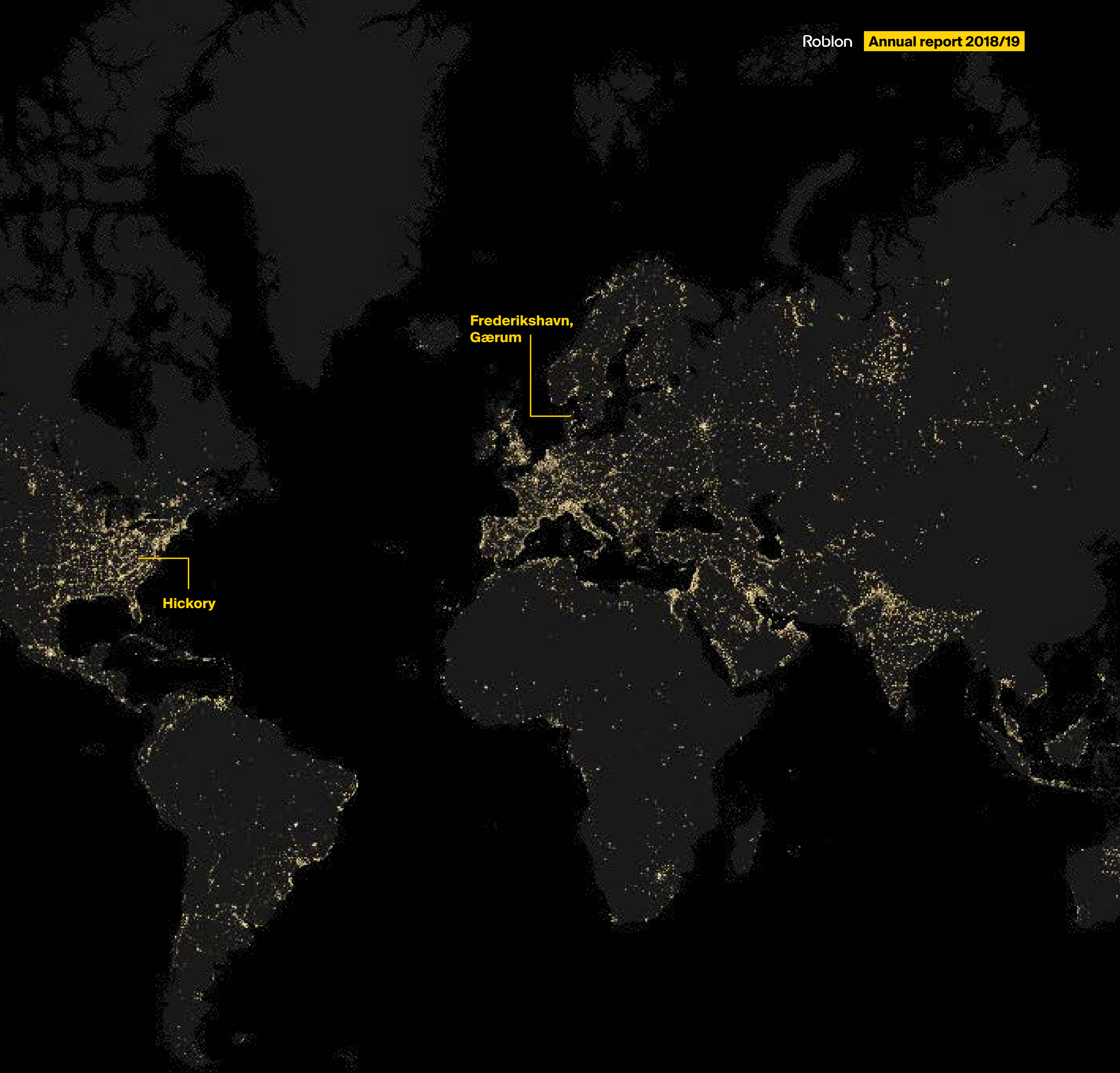
	Unit	2018/19	2017/18	2016/17	2015/16	2014/15
Ratios						
Book-to-bill ratio	%	93.9	102.3	111.0	107.7	86.7
Revenue growth, continuing operations	%	20.4	11.7	23.1	19.8	-11.7
Gross margin	%	45.9	48.7	52.7	54.5	60.3
EBIT margin	%	-8.4	2.6	9.9	16.1	14.7
ROIC/return on average invested capital	%	-15.4	4.7	21.2	36.4	27.5
Equity ratio	%	79.5	85.4	82.4	83.8	86.9
Return on equity	%	-6.3	5.8	8.0	8.0	7.3
Working capital, % of revenue, continuing operations	%	32.6	25.2	25.6	19.7	24.6
Employees						
Average no. of full-time employees	No.	171	96	87	80	81
Gross profit per full-time employee	DKKm	0.7	1.0	1.2	1.1	1.0
Per share ratios						
Earnings per DKK 20 share (EPS)	DKK	-8.2	8.1	11.3	11.2	10.3
Price/earnings ratio (PE)	DKK	-19.7	32.1	36.2	21.1	23.6
Payout ratio	%	-	123.1	88.5	89.4	97.2
Cash flow from operations per DKK 20 share	DKK	-19.9	20.7	18.5	15.8	13
Proposed dividend (% of nominal value)	%	-	50	50	50	50
Book value of shares	DKK	121	139	141	141	140
Quoted year-end market price	DKK	161	261	408.5	236	243
Price/book value		1.3	1.9	2.9	1.7	1.7

The stated per share ratios relate to B shares.

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

DISCLAIMER: The English version of the Annual Report is a translation of the original in Danish and for information purposes only. In case of discrepancy, the Danish original will prevail.

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 energy and other industries.

The Company's 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 2018/19 and outlook for 2019/20

Roblon signed a conditional settlement agreement with wind turbine manufacturer Senvion.

2018/19

- The Group's total revenue rose by 20.5% to DKKm 267.2 (DKKm 221.8), and EBIT from continuing operations was a loss of DKKm 22.4 (a profit of DKKm 5.8), equivalent to a negative EBIT margin of 8.4%, against a positive margin of 2.6% last year.
- The Group realised a loss before tax from continuing operations of DKKm 19.7 (a profit of DKKm 9.6) and a loss for the year of DKKm 14.6 (a profit of DKKm 14.5). In April 2019, Management downgraded its full-year guidance for 2018/19 to revenue of around DKKm 270 and a loss before tax of around DKKm 20.
- The financial year 2018/19 was very adversely impacted by the production stoppage and suspension of payments of Senvion, a major customer in the wind turbine industry. The 2018/19 results before tax were adversely affected by a loss of DKKm 24.1 in this respect (a loss of DKKm 2).
- The Group's results were further adversely affected by unsatisfactory profitability for the FOC product group due to an inexpedient production set-up. The Group has identified and launched initiatives that are expected to lift profitability considerably over the coming 3-9 months.
- The Board of Directors proposes that no dividend be paid for the year.

Invested capital rose from DKKm 131.1 at 31 October 2018 to DKKm 160.3 at 31 October 2019. Return on invested capital (ROIC) in 2018/19 was a negative 15.4%, compared with a positive 4.7% last year.

Profit guidance for 2019/20

- Revenue in the DKKm 260-280 range (DKKm 267.2) (DKKm 241.8 ex. Senvion)
- Profit before tax in the DKKm 20-25 range (loss of DKKm 19.7) (profit of DKKm 4.4 ex. Senvion)

The Group's 2019/20 revenue is expected to grow compared with 2018/19, mainly in the FOC product group. This expectation is substantiated by market growth in the FOC industry segment.

Profit before tax for 2019/20 is expected to be favourably affected by changes in product mix and expected improved productivity in the FOC product group.

Foreign exchange forecast
The Group primarily operates in two foreign currencies; USD and EUR. The forecast for 2019/20 is based on the following foreign exchange assumptions:

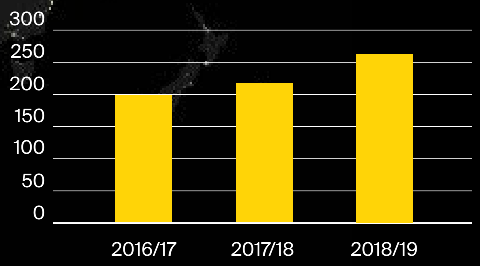
Expected exchange rate for 2019/20

USD/DKK	650
EUR/DKK	745

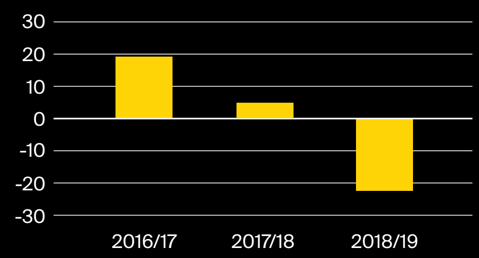
Settlement with Senvion
On 20 December 2019, Roblon signed a conditional settlement with wind turbine manufacturer Senvion and its subsidiary Ria Blades, under which Roblon will receive a settlement of USDm 6.6 (approx. DKKm 43). The settlement amount is due for payment shortly after Siemens Gamesa Renewable Energy's (SGRE) conditional acquisition of Ria Blades and selected European assets from Senvion becomes effective. SGRE's conditional acquisition is expected to be completed in Q1 2020. Due to the inherent uncertainty about the conditional agreement between SGRE and Senvion, the settlement amount has not been factored into Management's profit guidance for 2019/20.

Sale of head office
Roblon has decided to start a process with the aim of selling the Group's head office in Frederikshavn. After the sale of the property, the Group's Danish activities will all be located at Roblon's facilities in Gærum, which currently house production and various administrative functions. As well as producing positive synergies in the day-to-day operations, this initiative is also expected to have a positive impact on Roblon's results, liquidity and equity going forward. The potential sale of the head office has not been factored into the profit guidance for 2019/20.

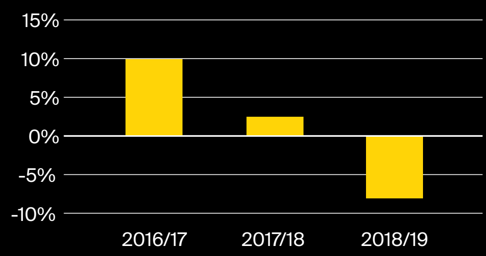
Revenue (DKKm)



EBIT (DKKm)



EBIT margin



Business scope

Synthetic 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 technologically advanced 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 fibre optic cable industry and in the energy sector. Roblon also develops and sells production equipment 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 demand for faster data transfer, mobility, access to data networks, etc.

Roblon processes synthetic fibres used as a strength member in the finished fibre optic cables, connecting data networks globally. The main component of these reinforcement fibres is generally fibreglass, aramid or polyester, and Roblon adds value by applying a functional coating to these. Roblon continuously develops these coatings as well as the application process. 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
Roblon manufactures composite materials by processing, coating and extruding fibres, producing strength members coated in jacketing materials, which are offered in the form of tape, lines and straps. Roblon's products are defined by their low weight, high strength and durability.

For numerous years, the Group has been a supplier of various types of coated tape and straps used in offshore oil and gas drilling and exploration. The products are used both as integral strength members in oil and gas cables and for fastening, stabilising and strengthening other elements used in offshore drilling from rigs or ships.

The products are made from synthetic fibres coated with various types of jacketing 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.

In the segments in which Roblon's composite solutions are used, the demands are high with respect to documentation and the physical and chemical properties of the products. In these areas, Roblon has become one of the most renowned and specialised manufacturers of fibre-based reinforcement materials for fixing submarine installations to pipes and cables. In fields of use such as these, the long-term durability and security of the products are a crucial competitive factor.

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

Industry and market potential

At the end of the 2018/19 financial year, Roblon's identified market potential amounted to DKKm 3,000 – DKKm 2,500 in the FOC product group and DKKm 500 in the Composite product group.

Fibre optic cable industry (FOC) product group

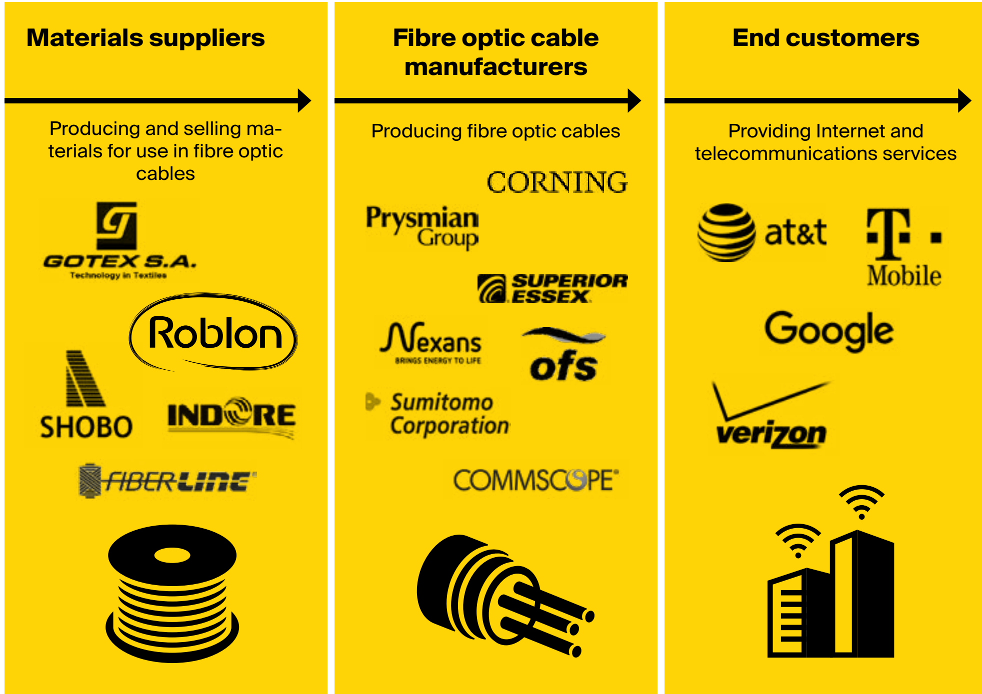
The fibre optic cable manufacturing industry is seeing strong growth, among other reasons due to the roll-out of infrastructure to support 5G telecommunications. The industry is transparent, competitors and customers being well known. Several of the major global fibre optic cable manufacturers in 2018/19 continued their investments in new production facilities and equipment initiated in previous years.

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), Indore (IND) and Gotex (E) are considered some of the leading suppliers of cable components to the fibre optic cable industry. There are a few other manufactures of 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 2018/19 financial year, the total annual market potential was determined to be DKKm 2,500. The distribution on markets and product categories is illustrated in the chart on page 9.

Production and sale of cable machinery is a niche business area 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.



Section of value chain – Fibre optic cable industry

FOC market potential

By markets

By product categories

Composite product group

The Composite product group comprises offshore oil & gas, wind and energy cables. In the offshore oil & gas industry, the Group is exposed to the general prevailing conditions, including the impact of oil prices on decisions to launch new investment-intensive projects.

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

The size of the market that Roblon addresses is around DKKm 500. 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 its five-year strategy for 2016-2021 in the autumn of 2016, the Company's business portfolio has undergone major changes: Two business entities were divested in the first three 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 made acquisitions and established a Fibre Optic Cables (FOC) business in April 2017, made additional investments in the USA and concluded a project contract with Senvion in the wind turbine industry (Composite) in April 2018. Whether Roblon will make any further sales to the Senvion Group under the existing project contract is not known.

As a consequence of the divestment of the rope-making division and acquisitions of further business operations in the USA in 2018, Roblon adjusted its mission and vision, most recently with minor adjustments in the autumn of 2019. In 2018, Roblon revised its financial targets as a result of acquisitions and divestments.

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

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

The Group's strategy: Roblon focuses on continually boosting sales efforts, strengthening product development and expanding our product offering in close collaboration with strategic customers. Exercising this strategy, we aspire to a position as total supplier of high-performance strength member 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.

Initiatives and strategic projects

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 growth in the coming years.

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. In 2018/19, Roblon made adjustments to the sales organisation to support and strengthen key account management in order to boost the sales and product development effort towards selected strategic customers.

The Group is also working on the qualification and selection of 1-2 new industry segments in Composite that will supplement the industry segments serviced by Roblon in the coming years. These initial steps are expected to be completed in 2019/20, after which new business development initiatives will be launched, which are expected to strengthen the Group's growth potential in the years ahead.

In 2018/19, work continued on the development and implementation of the Group's acquired US business operations. The acquisition of the US business is part of the strategy plan, important elements of which are proximity to selected customers and a sufficiently diverse product range. The acquired business fulfils this brief, but for several years prior to the takeover by Roblon it had not invested adequately in customer and market development and in ongoing development of production processes and technology.

After the acquisition, Roblon has changed the sales strategy to focus on few, selected strategic customers, all located in the same region as Roblon US. This has resulted in growing demand for Roblon's products and the establishment of technical partnerships between customers and Roblon on the development of new products. The Company is also working on sourcing and procurement initiatives and on upgrading of production processes and production technology. The latter has almost been completed and is expected to contribute substantially to earnings in 2019/20.

During the course of the 2018/19 financial year, Roblon migrated to a new ERP platform in order to strengthen IT-supported business processes and support the Company's planned growth. The ERP platform was implemented in the parent company, with planned and initiated additions in 2019/20 and subsequent roll-out in the US subsidiary in 2020.

Towards the end of 2018, Roblon launched a new website and updated the Company's graphic profiling.

The execution of Roblon's 2021 Strategy is well underway, the first important steps towards realising the Group's vision having been taken in 2016-19. The first three 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 and IT support. Also, key account management activities and development of new innovative solutions with strategic customers will be stepped up.

Strategic projects for the remaining strategy period (2019/20 – 2020/21)
The Group has implemented a number of activities supporting the realisation of the 2021 Strategy and the Group's goals. In the 2019/20 financial year and for the remainder of the strategy period, the Group will focus on:

- Identification and development of new industry segments in Composite in which Roblon's fibre solutions can be adapted to customer and market demands
- Competitiveness and improved productivity and product range in FOC
- Further digitalisation of business processes
- Ongoing evaluation of potential business acquisitions for the core business

Product and business development

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.

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

When products are developed in collaboration with selected customers, their specific demands and requirements of new products and improvement of existing ones can be accommodated. Also, the close dialogue helps to identify future needs for new products and solutions.

After several years' development work, in 2018/19 Roblon secured approval of a fibre-based component that acts as a central reinforcement element in energy cables to be laid over long distances. This is a relatively new area for Roblon offering attractive prospects.

In 2018/19, Roblon incurred DKKm 7.5 (DKKm 7.6) in product development costs, corresponding to 2.8% (3.4%) of total revenue.

Roblon's financial targets

Within the strategy period, the Group's aim is to be able to **achieve platform** for 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 has adequate financial resources to achieve this.



Matters of note in 2018/19

In April 2018, Roblon's US subsidiary invested in production plant, licences and inventory for the production of fibre-based products for the wind turbine industry. At the same time, Roblon concluded a three-year project contract with German wind turbine manufacturer Senvion and its Portuguese subsidiary, Ria Blades, which manufactures blades. Under the contract, Roblon was to supply products that form part of the Senvion Group's rotor blade production (RodPack). Over the three-year contract term, potential sales of up to USDm 15-20 were expected.

The acquisition of additional, complementary production capacity and the signing of the contract with the Senvion Group were made possible by Roblon's establishment in the USA in 2017. Parts of Roblon's originally acquired production capacity as well as production plant acquired for the wind turbine industry relate to production technology for special fibre-based solutions that target the fibre optic cables industry but can also be applied in other industries – in this instance the wind turbine industry.

Senvion's demand for RodPack grew over Roblon's first year as supplier, and during this first part of the three-year contract Roblon ensured that the production capacity and deliveries met this demand. This meant that Senvion quickly became one of the largest customers of the Roblon Group.

In January and February 2019, Roblon learned that Ria Blades expected a reduced blade production, and in mid-February the production unit was closed down for a couple of weeks. Production resumed in early March, but shortly thereafter Senvion announced the appointment of a Chief Reconstruction Officer, which meant that the group's problems were not isolated to the rotor blade factory Ria Blades. Senvion apparently had more serious financial challenges, and on 4 April Senvion announced that it had commenced negotiations with its creditors. As these were not entirely successful, the company announced on 9 April that it was exploring options for a reconstruction of the company's business with a so-called self-administered reconstruction plan. In other words, a form of suspension of payments.

This situation posed significant uncertainty for Roblon's 2018/19 revenue and earnings.
As a result, Management chose to remove all previous revenue and earnings expectations relating to Senvion from the outlook for the remainder of the 2018/19 financial year. The previously guided revenue for 2018/19 was consequently reduced by DKKm 47 and the guided profit before tax was reduced by DKKm 14. In addition to this, the residual value of intangible assets related to investments was written down by around DKKm 8.5 and Roblon's working capital related to the Senvion exposure was written down by around DKKm 10. Overall, the adverse impact of the Senvion issue on the Group's results before tax for 2018/19 amounted to DKKm 24.1 (an adverse impact of DKKm 2.0).

In accordance with the concluded contract, Roblon calculated its preliminary claims in terms of costs incurred due to reduced production at the customer's blade factory and non-performance of the agreed minimum purchase requirements in the first year of the project contract for the period April 2018 to April 2019. In addition to this, the claims for the remaining part of the three-year contract were maintained.

In a press release dated 28 August 2019, Senvion announced that it had received several offers for substantial parts of the group. Senvion further announced that its financial situation had improved.

With the assistance of a German attorney, Roblon sought to secure payment of its claims and during this period was in dialogue with Senvion. This resulted in Senvion's acknowledgement of parts of Roblon's claims in the equivalent amount of USDm 3.6, provided that Roblon refrain from further legal action. Roblon signed this standstill agreement until 4 October 2019 and with a subsequent oral extension.

On 21 October 2019, Senvion issued a press release announcing that wind turbine manufacturer Siemens Gamesa Renewable Energy (SGRE) will acquire selected European assets from Senvion, including its Portuguese blade facility, Ria Blades. According to Senvion, the transaction was expected to close before the end of 2019, subject to regulatory approval.

On 20 December 2019, Roblon and Senvion entered into a conditional settlement agreement with respect to Roblon's claim. In accordance with this agreement, the project contract will be terminated with immediate effect and the parties' respective obligations under the contract cancelled. Furthermore, the parties agreed that Senvion will pay Roblon USDm 6.6 (approx. DKKm 43). The settlement amount is due for payment shortly after the closing of SGRE's conditional acquisition of Ria Blades and selected European assets from Senvion. SGRE's conditional acquisition is expected to be completed in Q1 2020.

Roblon has not had an opportunity to meet with the new owners of Ria Blades and the divested parts of the Senvion Group to learn about their plans for the acquisition. Whether business relations can be resumed under the new ownership has yet to be determined.

Adjusting the Roblon Group's revenue and results for Senvion-related activities, Roblon's results ex. Senvion for 2018/19 and 2017/18 are set out in the table on the right.

The Group's results ex. Senvion for 2018/19 were revenue of DKKm 241.8 (DKKm 192.9), with DKKm 147.8 (DKKm 125.3) attributable to the FOC product group and DKKm 94.0 (DKKm 67.6) attributable to the Composite product group. There was a positive development in revenue mix. Profit ex. Senvion was DKKm 4.4 (DKKm 11.6). The negative development was due to unsatisfactory profitability for the FOC product group due to an inexpedient production set-up. The Group has identified and launched initiatives which are expected to lift profitability considerably over the coming 3-9 months. Q4 2018/19 saw a positive development.

Results, Roblon Group (continuing operations) ex. Senvion

DKKm	Roblon Group		Senvion share		Results ex. Senvion	
	2018/19	2017/18	2018/19	2017/18	2019/19	2017/18
Revenue	267.2	221.8	25.4	28.9*	241.8	192.9
EBITDA	-1.7	15.9	-14.2	-1.1	12.5	17.0
EBIT	-22.4	5.8	-23.8	-2.0	1.4	7.8
Profit/loss before tax	-19.7	9.6	-24.1	-2.0	4.4	11.6

*In 2017/18, Roblon invoiced DKKm 17.6 directly to the Senvion Group and DKKm 11.3 via another company outside the Senvion Group.

Financial statements 2018/19

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)

Unless otherwise indicated, in the following the financial commentary is based on the 2018/19 consolidated financial statement figures with comparative consolidated financial statement figures for 2017/18.

Consolidated income statement

Q4 2018/19

The Group's order intake amounted to DKKm 46.6 in Q4 2018/19 (DKKm 48.7).

Total revenue amounted to DKKm 94.2 in Q4 2018/19 (DKKm 64.9). The 45% increase was attributable to both FOC and Composite products.

Gross profit amounted to DKKm 51.6, an increase of DKKm 23.9 compared with a gross profit of DKKm 27.7 in 2017/18. The gross margin in Q4 2018/19 was 54.8% (57.3%), and the strong increase was mainly due to an improved product mix.

Staff costs amounted to DKKm 23.6 (DKKm 13.5). The increase was primarily due to production staff in the US subsidiary taken over in November 2018, who in 2017/18 were sourced through an external service partner and thus recognised under other external costs. Additional hiring in Roblon US also contributed to the increase.

Operating profit (EBIT) was DKKm 17.7 (an operating loss of DKKm 0.1), equalling an EBIT margin of 18.8% against a negative margin of 0.2% last year.

Profit before tax from continuing operations was DKKm 17.6 (DKKm 1.4)

In Q4 2018/19, cash flow from operating activities was DKKm 7.1 (DKKm 4.4). Cash flow from investing activities was an inflow of DKKm 5.1 (an outflow of DKKm 3.1), while cash flow from financing activities for Q4 2018/19 was an outflow of DKKm 6.7 (DKKm 0).

Selected financial highlights, continuing operations

DKKm	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19
Order intake	48.7	51.2	80.7	72.3	46.6
Order book	54.7	50.6	70.8	83.1	35.8
Revenue	64.9	55.0	57.2	60.8	94.2
Operating profit/loss (EBIT)	-0.1	-10.7	-26.3	-3.1	17.7
Profit/loss before tax	1.4	-10.5	-24.5	-2.3	17.6
EBIT margin	-0.2%	-19.5%	-46.0%	-5.1%	18.8%

2018/19

Sales activities and revenue performance

Revenue performance
Roblon's revenue from continuing operations was up by 20.5% to DKKm 267.2 for the year (DKKm 221.8).

In the annual report for 2017/18, Management guided revenue of around DKKm 350-380 for the financial year 2018/19. In the interim report for Q1 2018/19, Management guided revenue at the lower end of the DKKm 350-380 range. Roblon's company announcement no. 5/2019 of 12 April 2019 reported that deliveries to wind turbine industry customer Senvion had been halted due to the customer's financial difficulties. These difficulties were deemed severe enough for Roblon's Management to make a major downgrade of the full-year guidance for 2018/19. Management thus guided revenue of around DKKm 270 for full year 2018/19.

Realised revenue for 2018/19 was DKKm 267.2.

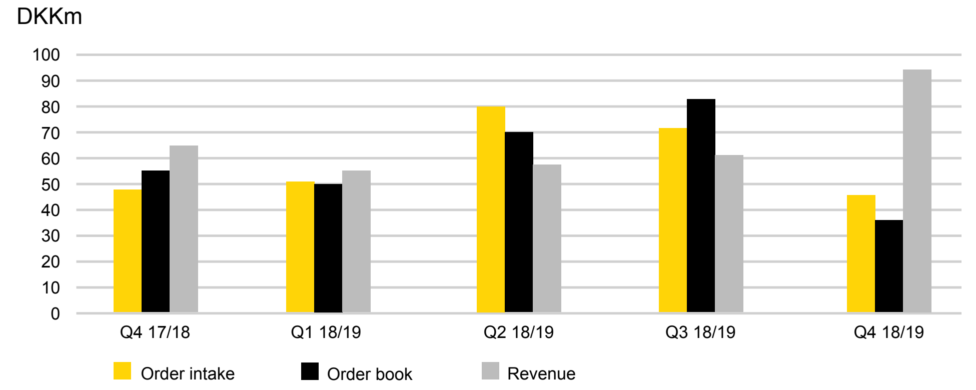
Sales performance and market developments

In the Composite product group, Roblon has for a number of years targeted offshore oil & gas, among other sectors. After an extended period with a significantly lower level of activity, due among other things to lower oil prices, the level of activity picked up from mid-2019. Based on our knowledge of current projects, the level of activity is expected to continue to rise over the coming 2-3 years.

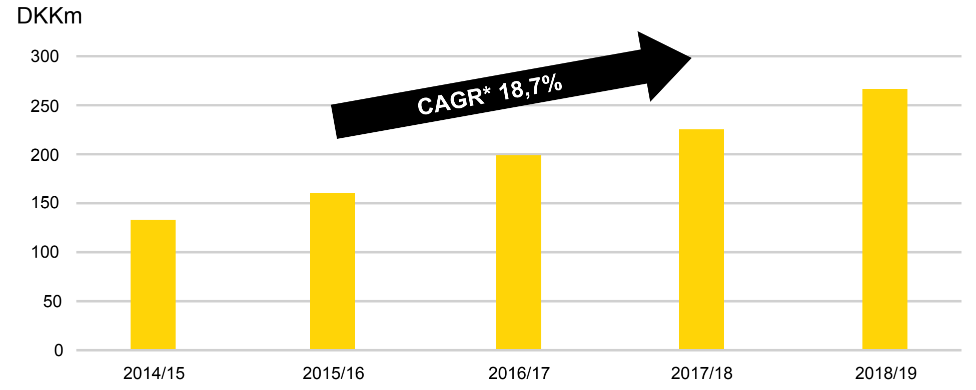
For a number of years, Roblon has worked in close collaboration with selected customers in this industry segment. This ensures the ongoing development of new products and extensive knowledge of the requirements that are important to our customers and their customers. This has given Roblon a strong position in this area. The Group's strategy is to continue strengthening the close collaboration with selected strategic customers.

During the financial year 2018/19, Roblon launched a new fibre-based reinforcement element designed for use in sub-sea energy cables. This new product was developed in collaboration with one of the leading providers of energy cables and is yet another example that Roblon's close collaboration with customers, also in the technical area, enables us to develop high-market value customised solutions for our customers.

The chart below illustrates the development in order intake, order book and revenue for continuing operations over the past five quarters until and including Q4 2018/19.



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



*CAGR is the compounded annual growth rate.

In the FOC product group, Roblon is seeing significant growth in global demand.
The market growth is driven by an increasing demand for data transmission, new teleservice providers in the market and current investments in 5G technology. This made most of Roblon's customers embark on major investments in production capacity expansion, which is expected to further boost the demand for Roblon's products and technologies over the coming 2-3 years.

In April 2017, Roblon 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.

During the 2018/19 financial year, Roblon saw a continued growing demand for the Group's products in the North American market. This was a consequence of the intensive execution of Roblon's sales strategy, a central element of which is to focus on selected strategic customers in a growth market.

For a number of years, US cable manufacturers have largely sourced their raw materials (cable materials) from Chinese and Indian manufacturers. The upside of this was low prices, however the current development in cable designs and the very exacting demands that cable manufacturers have with respect to documented quality and flexible suppliers has led to a shift in focus.

Attractively located within the cluster of cable manufacturers in North and South Carolina, Roblon meets the cable manufacturers new demands. In two years, Roblon has positioned itself as a competitive and local provider in the US market.

In Europe, the fibre optic cable industry is continually changing, with manufacturers in mainly southern and eastern Europe consolidating and with increased focus on coordinated procurement across production entities. Here, Roblon leverages its long-standing relations with customers and will in the upcoming period secure the required proximity to the customers and a product programme that meets their demands.

Sales strategy and business development

In the financial year 2018/19, sales management has stepped up its focus and sales efforts in the USA and EMEA based on market and customer plans for these regions as well as the regions' market growth. The Company is also working on expanding the product programme for both the USA and EMEA, so that Roblon can live up to the goal of offering customers a broad product range.

FOC activities have been planned for the Asian market. However, the execution of these plans has been temporarily put on hold due to the growth opportunities currently presenting themselves in the US and EMEA markets and based on the overall prioritising of the Group's focus areas.

The 2021 Strategy expresses an ambition of identifying and achieving the potential of the new industry segments in the Composite product group, in which Roblon can capitalise on its competences in offering fibre-based alternatives to traditional steel solutions. This work intensified towards the end of the 2017/18 financial year with the taking on of a technically and commercially experienced business developer with a background in the fibre industry.

In order to enhance the communication of Roblon's brand value and innovative market position, Management has developed and implemented a new visual identity on the Group's new website and in other marketing materials, among other places.

Earnings
For 2018/19, Roblon realised a loss before tax from continuing operations of DKKm 19.7 (a profit of DKKm 9.6).

In the annual report for 2017/18, Management guided a profit before tax in the range of DKKm 24-30 for the financial year 2018/19.

In the interim report for Q1 2018/19, Management adjusted the guidance to revenue at the lower end of the DKKm 24-30 range. Roblon's company announcement no. 5/2019 of 12 April 2019 reported that deliveries to wind turbine industry customer Senvion had been halted due to the customer's financial difficulties. These difficulties were deemed severe enough for Roblon's Management to make a major downgrade of the full-year guidance for 2018/19. Management thus guided a loss before tax of around DKKm 20 for full year 2018/19. The Company realised a loss of DKKm 19.7 before tax for 2018/19.

Compared with last year's profit before tax, this was a decline of DKKm 29.3. The principal reason for this development was, as previously mentioned, a total loss on the project contract with wind turbine manufacturer Senvion adversely impacting the results before tax by DKKm 24.1. The Group's performance was further adversely affected by unsatisfactory profitability for the FOC product group due to an inexpedient production set-up. The Group has identified and launched initiatives which are expected to lift profitability considerably over the coming 3-9 months. Q4 2018/19 saw a positive development.

The EBIT margin for 2018/19 was a negative 8.4% (a positive 2.6%). The development was due to the exceptional loss, as mentioned above.

Profit before tax from discontinued operations for 2018/19 amounted to DKKm 0.0 (DKKm 8.8).

The Group realised a loss for the year 2018/19 of DKKm 14.6 (a profit of DKKm 14.5).

EPS from continuing operations were negative at DKKm 8.2 (positive at DKKm 4.3).

Gross profit and gross margin
Roblon's gross profit amounted to DKKm 122.6, an increase of DKKm 14.6 compared with a gross profit of DKKm 108.0 in 2017/18. The gross margin for the 2018/19 financial year was 45.9% (48.7%).

The gross profit for 2018/19 was favourably affected by an increase in revenue compared with last year. On the other hand, a loss on inventories written down in relation to the mentioned loss on the Senvion contract had an adverse impact of DKKm 6.5 on gross profit.

The 2018/19 gross margin was adversely affected by the unsatisfactory profitability of the FOC product group and the write-down of Senvion inventories, which reduced the realised gross margin by 2.4 percentage points.

Other external costs
Other external costs amounted to DKKm 42.9 (DKKm 45.8). In 2018/19, the Group incurred rising costs for minor acquisitions and other production cost items due to the sharply increasing level of activity in the US subsidiary. Travel and selling costs also rose in 2018/19. The reason for the drop in total costs compared with last year was that in 2017/18 external costs included DKKm 10.6 relating to remuneration of production staff sourced through an external service partner. As from 2018/19, the Group has taken over all production staff, and the related costs are reported under staff costs.

Staff costs
Staff costs amounted to DKKm 87.1 (DKKm 51.6). The increase in staff costs was primarily due to production staff in the US subsidiary taken over in November 2018, who were previously sourced through an external service partner and thus recognised under other external costs. Additional hiring in Roblon US also contributed to the increase.

At 31 October 2019, the Group had 168 employees, against 102 at 31 October 2017. The employees are distributed among the Company's locations in Denmark and in the USA. At 31 October, there were 106 hourly-paid workers (46) and 62 salaried employees (56).

Depreciation, amortisation and impairment
The Group's depreciation, amortisation and impairment amounted to DKKm 20.8 (DKKm 10.7). The major part of the DKKm 10.7 increase related to the write-down of the residual value of intangible assets relating to investments in the wind turbine project with Senvion by approximately DKKm 8.5. The increase in depreciation, amortisation and impairment was otherwise attributable to the US subsidiary.

Net financial items
Financial items amounted to net income of DKKm 2.8 (DKKm 3.8). The net income related to positive returns on the Group's excess liquidity, which was placed in an asset management arrangement.

Tax on profit for the year from continuing operations
Tax on the profit for the year from continuing operations was recognised as a total income of DKKm 5.0, against an expense of DKKm 1.9 last year. The total tax rate was 25.5%, against 20.2% last year. The US subsidiary realised a loss, leading to the recognition of a tax asset in the consolidated financial statements. Management assessed the Group's ability to utilise the recognised tax asset in the coming years to be realistic.

Consolidated balance sheet

The Group's total assets amounted to DKKm 271.6 at 31 October 2019 – a year-on-year decrease of 6.6%. Working capital was DKKm 87.2 (DKKm 55.9), equalling 32.6% (25.2%) of revenue for the year. Invested capital at 31 October 2019 amounted to DKKm 160.3, compared with DKKm 131.1 last year.

This adverse development in working capital and invested capital was due to a rise in inventories and trade receivables, mainly driven by the high activity level in Q4 2018/19.

Intangible assets
In total, the Group recognised intangible assets at a value of DKKm 24.7 at 31 October 2019 (DKKm 27.8). In 2018/19, intangible assets relating to investments regarding Senvion were written off.

Completed development projects and development projects in progress amounted to DKKm 8.2, against DKKm 6.1 last year.

Property, plant and equipment
In the consolidated balance sheet, property, plant and equipment at 31 October 2019 was recognised at DKKm 52.8, (DKKm 47.4). The increase was mainly due to investments to expand production capacity.

Inventories
The Group's inventories amounted to DKKm 55.8 at 31 October 2019 (DKKm 41.5). The DKKm 14.3 increase was mainly attributable to larger inventories of critical raw materials to secure expected sales in 2019/20. The price of a specific raw material rose significantly in 2018/19, and this in isolation increased the value of inventories at 31 October 2019 by DKKm 2.2.

Receivables
Total receivables at 31 October 2019 amounted to DKKm 72.9 (DKKm 51.8). The DKKm 21.1 increase was due to an unusually high level of revenue in Q4 2018/19, which was 45% above last year's figure.

Marketable securities
The market value of the Group's securities portfolio at 31 October 2019 was DKKm 51.1 (DKKm 110.8). The decline was due to the development in the Company's operations in 2018/19, increased funds tied up in working capital and dividends paid. The portfolio of marketable securities comprises listed bonds and equities and other listed securities. 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 cash flow from operations in 2018/19 was an outflow of DKKm 35.6, against an inflow of DKKm 37.1 last year. Roblon's total investment in property, plant and equipment was DKKm 14.2, against a sale of property plant and equipment of DKKm 6.0 last year. Investment in intangible assets amounted to DKKm 8.6 compared with DKKm 11.4 last year.

Cash outflow from financing activities was DKKm 11.2 (DKKm 17.9). In 2018/19, financing activities consisted of DKKm 17.9 (DKKm 17.9) in dividends paid, offset by a DKKm 6.7 (DKKm 17.9) draw on operating credit.

At the balance sheet date, marketable securities and net cash amounted to DKKm 54.1 (DKKm 122.3). In the past few years, for practical reasons the Group has had an operating credit of up to DKKm 10. At the end of the 2018/19 financial year, Roblon had an unused credit facility of DKKm 3.3 (DKKm 10) through the Group's bankers.

Equity
The Group's equity at 31 October 2019 amounted to DKKm 216.0 (DKKm 248.3). Equity was thus reduced by DKKm 32.3, a net amount made up of a loss for the year of DKKm 14.6, adjustments at the beginning of the year taken directly to equity of DKKm 0.2 and a dividend payment of DKKm 17.9.

The Group is financially sound with an equity ratio of 79.5% (85.4%).

Dividend
Based on the loss for the year realised in 2018/19, the Board of Directors proposes to the shareholders in general meeting that no dividend be distributed.

Events after the balance sheet date
No significant events have occurred after the balance sheet date of 31 October 2019 of significance to the annual report.

Parent company

In 2018/19, the parent company's revenue was DKKm 174.9 (DKKm 147.6) and its operating profit (EBIT) was DKKm 13.7 (DKKm 5.3). Profit for the year from continuing operations amounted to DKKm 13.1, against DKKm 7.7 last year.

The parent company does not comprise any profit from the subsidiary, which is the main reason for the difference relative to the Group. Due to the development in the US subsidiary, an impairment test was carried out at 31 October 2019. The test did not indicate any impairment of the stated values.

At 31 October 2019, the parent company's equity ratio was 83.9% (90,9%).

Outlook for 2019/20

Profit guidance for 2019/20

- Revenue in the DKKm 260-280 range (DKKm 267.2) (DKKm 241.8 ex. Senvion)

- Profit before tax in the DKKm 20-25 range (loss of DKKm 19.7) (profit of DKKm 4.4 ex. Senvion)

The Group's 2019/20 revenue is expected to grow compared with 2018/19, mainly for the FOC product group. This expectation is substantiated by market growth in the FOC industry segment.

Profit before tax for 2019/20 is expected to be favourably affected by changes in product mix and expected improved productivity in the FOC product group.

Foreign exchange forecast
The Group primarily operates in two foreign currencies; USD and EUR. The forecast for 2019/20 is based on the following foreign exchange assumptions:

Expected exchange rate for 2019/20

USD/DKK	650
EUR/DKK	745

Settlement with Senvion
Roblon has signed a conditional settlement agreement with wind turbine manufacturer Senvion and its subsidiary Ria Blades, under which Roblon will receive a settlement of USDm 6.6 (approx. DKKm 43). The settlement amount is due for payment shortly after SGRE's conditional acquisition of Ria Blades and selected European assets from Senvion is effected. SGRE's conditional acquisition is expected to be completed in Q1 2020. Due to the inherent uncertainty about the conditional agreement between SGRE and Senvion, the settlement amount has not been factored into Management's profit guidance for 2019/20.

Sale of head office
Roblon has decided to initiate a prospective sale of the Group's head office in Frederikshavn. After the sale of the property, the Group's Danish activities will all be located at Roblon's facilities in Gærum, which currently house production and various administrative functions. As well as producing positive synergies in the day-to-day operations, this initiative is also expected to have a positive impact on Roblon's results, liquidity and equity going forward. The potential sale of the head office has not been factored into the profit guidance for 2019/20.

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 defined 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 on the right.

Strategic risks

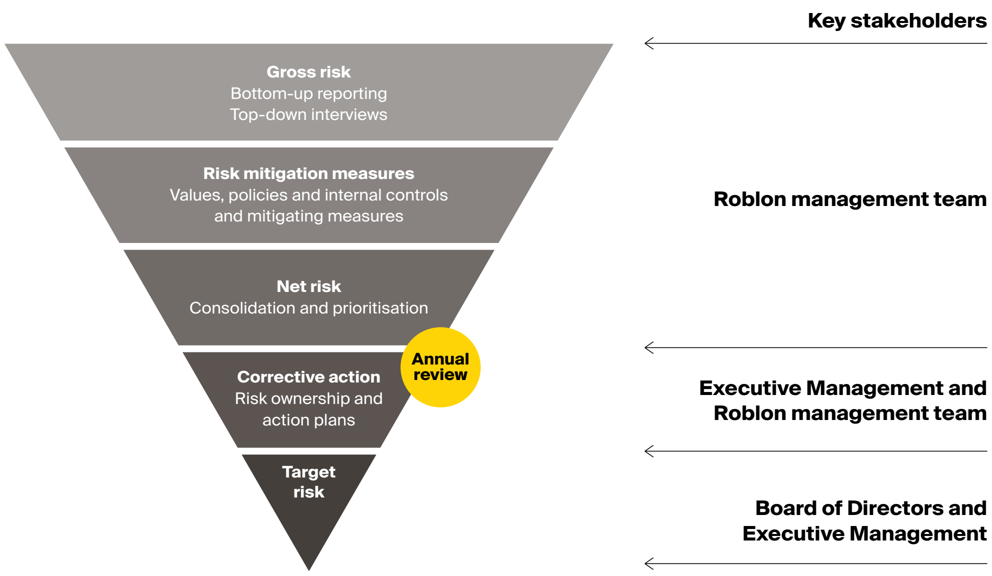
Market situation and competition: Roblon sells its products globally, with most of revenue being generated in Europe and North America. The Group is basically a niche player, differentiating itself from its competitors in terms of know-how, quality and flexibility. Roblon generally has long-standing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

The Group is sensitive to economic developments in the countries where Roblon's products are sold, but the geographical diversification on countries and continents is deemed to be adequate.

The markets in which the Group operates are not subject to significant seasonality, but 40-60 % of the business is characterised by a structure based on project sales.

Customer relations: The Group's products are primarily sold directly to Roblon's customers. 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.

Governance structure – risk management



The customer portfolio is trending towards fewer, bigger customers.

IT business support: During the 2018/19 financial year, the Group implemented a new ERP platform, which was prepared and planned during the 2017/18 financial year. The new ERP platform, along with further measures planned for 2019/20, will support the Group's growth strategy to a greater extent. A similar ERP solution will be rolled out in the US subsidiary in the latter part of 2020.

Operational risks

Suppliers: Roblon is dependent on a number of suppliers, mainly in Europe 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 makes an active, structured effort to ensure the well-being of the employees. 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. The Group also takes a structured approach to employee development.

IT risk: The Group works continually to reduce these risks through its IT security guidelines and policy 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. During the 2018/19 financial year, two in-house IT security events were arranged, followed up by 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 corporate social responsibility (CSR) is handled centrally in order to ensure that the organisation consistently complies with all relevant legislation, rules, policies and standards.

Whistleblowing scheme

In 2018/19, Roblon A/S established a whistleblowing scheme to enable employees, former employees, customers, suppliers, business partners, shareholders and other stakeholders to report suspected unlawful or unethical conduct within the Roblon Group, such as: suspected financial crime, bribery, corruption, breach of competition law or environmental and climate regulation, discrimination or sexual harassment.

Corporate social responsibility

We consider corporate social responsibility (CSR) to be a natural part of the Roblon Group's business principles, and we acknowledge that we have a responsibility for our employees and the society which we are all part of. Roblon aims to be the preferred supplier to selected strategic customers. We have naturally integrated CSR into the Group's endeavours to execute the 2021 Strategy. We interact with our customers and other stakeholders to maintain a CSR policy and launch measures that contribute to sustainable value creation.

Roblon's CSR efforts and results are described in Roblon's CSR Report 2018/19, which can be downloaded at https://roblon.com/CSR-rapport-UK.

The CSR report for 2018/19 also comprises a report on Management's gender composition pursuant to section 99 b of the Danish Financial Statements Act.

During the 2019/20 financial year, we will review and assess in which areas we expect the Group to be able to contribute the most towards reaching a selection of the UN's 17 Sustainable Development Goals.

Corporate governance

Roblon' statutory report on corporate governance for the financial year 2018/19 pursuant to section 107 b of the Danish Financial Statements Act is available at https://roblon.com/god-selskabsledelse-UK. The report gives a detailed account of Roblon's management structure and a description of the key elements of the Company's financial reporting process and internal controls in relation to financial reporting.

Furthermore, the report describes Roblon's consideration of the Recommendations issued by the Committee on Corporate Governance, as implemented in the Rules for issuers of shares issued by Nasdaq Copenhagen, as well as descriptions of the individual members of the Board of Directors and Executive Management. In 2018/19, Roblon complied with the recommendations for corporate governance, with the following exceptions:

- On two of the Company's board committees, half of the members are dependent.

- In 2019, the Board of Directors established a governance, nomination and remuneration committee and therefore did not prepare either a remuneration policy or a remuneration report for 2018/19. The Board of Directors will present the remuneration policy at the annual general meeting to be held in January 2020 and the Company's first remuneration report at the annual general meeting to be held in January 2021.

Management structure

Roblon has a two-tier management structure consisting of the Board of Directors and the Executive Management. The Board of Directors, whose members are elected by the shareholders, supervises the Executive Management. The Board of Directors and the Executive Board are independent of each other.

The Board of Directors is in charge of the overall management of the company and is responsible for decisions on the strategic development, financial forecasts, risk management, acquisition and disposal of enterprises and major development and investment projects. Moreover, the Board of Directors lays down the Executive Management's terms of employment and remuneration.

The Executive Management is appointed by the Board of Directors and is responsible for the general management of the company, including its operating performance, results and internal development. The Executive Management is responsible for carrying out the strategy and overall decisions approved by the Board of Directors.

The Board of Directors has established an audit committee, which is principally tasked with monitoring the Group's risk management, preparation of financial statements, financial reporting and internal controls, nomination of auditors for appointment and monitoring of and communications with the auditors appointed at the general meeting.

The Board of Directors has also established an innovation and product development committee, which is principally charged with setting the strategic direction for long-term development of products and technology and monitoring the Executive 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.

Finally, as mentioned above, the Board of Directors in 2018/19 established a governance, nomination and remuneration committee. The committee prepares the drafting of the statutory report on corporate governance, prepares the remuneration policy and report, initiates the Board evaluation and keeps the Board of Directors up to date on other relevant governance issues.

Financial reporting process and internal controls

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.

Roblon's risk management and internal controls in relation to the financial reporting process are designed with a view to effectively managing, and thus reducing or 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. Roblon's governance model, which describes Roblon's framework, management structure and control environments, is illustrated in the figure below.

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

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.

Roblon's governance model

FRAMEWORK

External framework:
- Regulatory requirements
- Recommendations

Internal framework:
- Articles of association and rules of procedure for the Board of Directors and the Executive Management
- Policies and practice Certifications and approvals

MANAGEMENT STRUCTURE

Shareholders

↕

Board of Directors

↕

Executive Management

↕

Organisation

CONTROL

External controls:
- External auditors
- The Danish Financial Supervisory Authority (supervision with listed companies' compliance with disclosure requirements)
- The Danish Business Authority (supervision with financial reporting)
- The Danish tax authorities (SKAT) and other public regulatory authorities

Internal framework:
- Audit Committee
- Risk management and internal control environment

Investor information

Capital and share 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 A shares of DKK 200 each and 1,510,400 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 B shares are negotiable instruments and freely transferable. Each A share of DKK 200 carries 100 votes. Each B share 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 2019, 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, Lottenborgvej 26D, 1st floor, DK-2800 Kgs. Lyngby.

Shareholder structure
Roblon had 1,852 shareholders registered by name at 31 October 2019 (approx. 1,700) together representing approx. 87% (85%) 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 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 2019, the members of the Board of Directors and the Executive Management and their related parties held 32,444 of the Company's B shares, corresponding to 1.8% (1.6%) of the share capital and 2.1% (1.9%) 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 shareholders in general meeting, the Company may purchase treasury shares representing up to 10% of the share capital. The authority is valid until 30/6 2020 for the Company to purchase 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 purchase.

The Board of Directors will request a renewed authorisation at the annual general meeting to be held on 23 January 2020.

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 after 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, 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 means of communication with the stock market.

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

www.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 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 2019	Preliminary statement
23 January 2020	Annual general meeting
13 March 2020	Interim report for Q1 2019/20
24 June 2020	Interim report for Q2 2019/20
17 September 2020	Interim report for Q3 2019/20
22 December 2020	Preliminary statement
28 January 2021	Annual general meeting

Company announcements

Roblon A/S company announcements to the Danish FSA and Nasdaq Copenhagen in 2018/19

12	20 December 2018	Preliminary statement
13	21 December 2018	Notice convening AGM
1	24 January 2019	Annual general meeting of Roblon A/S
2	12 March 2019	Interim report for Q1 2018/19
3	13 March 2019	Managers' transactions
4	27 March 2019	Managers' transactions
5	12 April 2019	Downgrade 2018/19
6	27 June 2019	Interim report for Q2 2018/19
7	2 September 2019	Roblon and wind turbine manufacturer Senvion sign standstill agreement
8	11 September 2019	Interim report for Q3 2018/19
9	17 September 2019	Financial calendar 2018/19
10	22 October 2019	News on wind turbine manufacturer Senvion

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 the shareholders through a combination of a positive market value development for the Group, supplemented by dividend payments.

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 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.

Based on the negative performance in 2018/19, at the annual general meeting to be held in January 2020, Management will propose to the shareholders that no dividend be paid for the year.

Price development
The Roblon B share opened the financial year at 261 and closed at 161 at 31 October 2019, which was a drop of 38.3% (a drop of 36.1%). Including the DKK 10 per share dividend distributed, the return of the Roblon B share for the year was a negative 34.5% (33.5%).

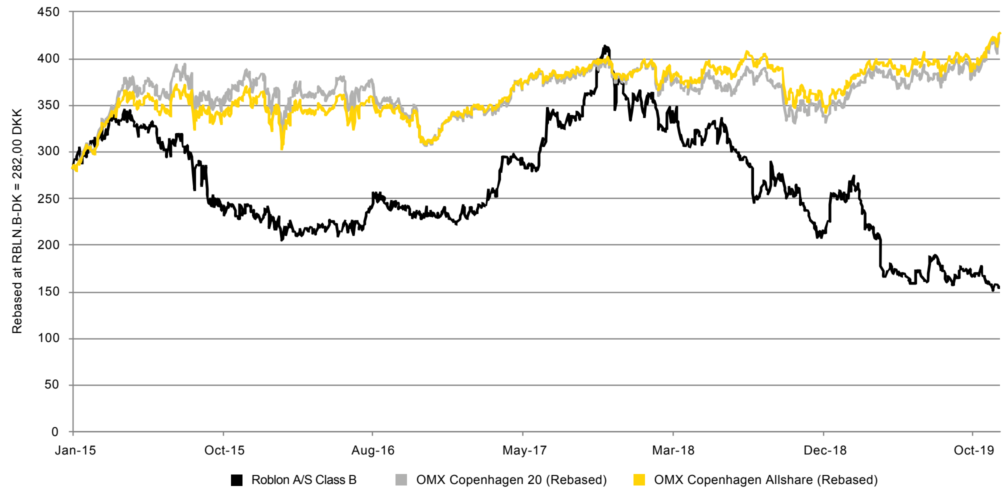
The overall market value of the Company's listed share capital at the end of the financial year was approx. DKKm 243, against approx. DKKm 394 at 31 October 2018.

At the end of October 2019, the free float in Roblon was approx. 83% (85%).

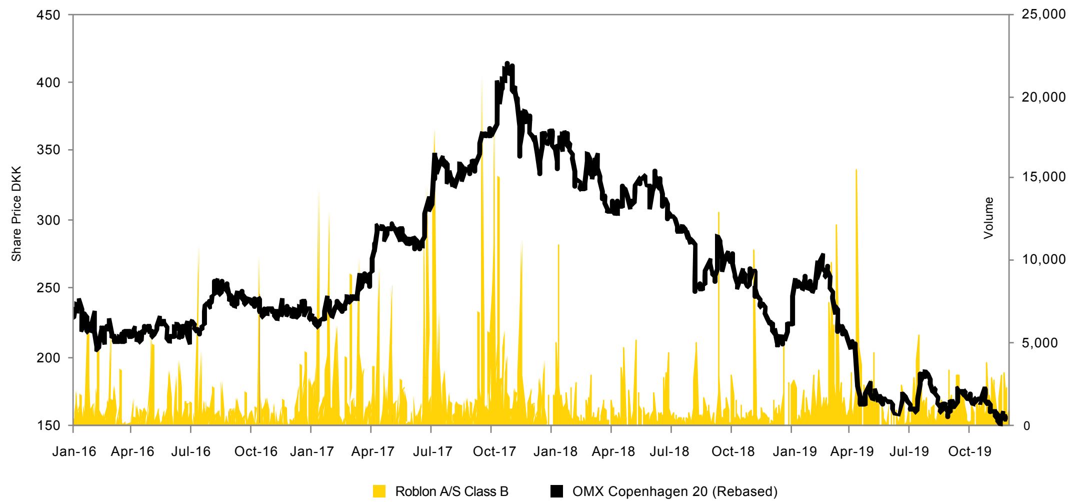
Board of Directors and Executive Management

Information on the individual members of the Board of Directors and the Executive Management, such as their education, other executive functions, specialised skills, number of Roblon shares, etc. is set out in the separate report on corporate governance. The report can be downloaded at https://roblon.com/god-selskabsledelse-UK.

Price development



Price index



Statement by the Management

The Board of Directors and Executive Management today considered and approved the annual report of Roblon A/S for 2018/19.

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 2019 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 November 2018 – 31 October 2019.

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 2019

Executive Management

Lars Østergaard
Managing Director and CEO

Carsten Michno
Chief Financial Officer (CFO)

Kim Müller
Chief Technology Officer (CTO)

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 2019 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 November 2018 - 31 October 2019 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 2018 - 31 October 2019 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. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 2 years including the financial year 2018/19.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements

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 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 inventories. By random sampling, we tested the Group's calculation of the cost of raw materials and consumables, 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 profits on most recent sales in the financial year. We tested the mathematical accuracy of the calculations.

Key audit matter

Measurement of trademarks, licences and customer relationships
The Group measures trademarks, licences and customer relationships at the lower of cost less accumulated amortisation and impairment loss and the recoverable amount.

In the spring of 2019, the Group ascertained that a major customer was in financial difficulties, which meant that all trading with the customer in question was terminated. Consequently, Management chose, among other things, to recognise an impairment loss of about DKK 8.5 million on the intangible assets relating to the customer in question.

Management has prepared an impairment test of the residual value of the intangible assets of Roblon US Inc. comprising trademarks.

The impairment test is 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 the Group's trademarks, licences and customer relationships because the measurement of the assets is based on significant estimates, including Management's expectations as regards future cash flows, growth rates, contribution ratios and discount rate.

We refer to note 2 and note 15 of the Consolidated Financial Statement.

How our audit addressed the key audit matter

We obtained an understanding of the Group's accounting policies and procedures for the measurement of the Group's trademarks, licences and customer relationships.

We reviewed Management's description of the course of events relating to the loss of the major customer and the impairment loss recognised on intangible assets.

We evaluated Management's assessments relating to impairment losses recognised on the Group's remaining trademarks through comparison with budgets approved by Management, evaluation of discounted cash flows, including evaluation of the discount rate, the growth rates and contribution ratios applied eg by applying historical data, measures taken to improve profitability as well as contribution ratios realised after the balance sheet date.

We challenged Management as regards its assessment of future cash flows, growth rates, contribution margins and discount rate and evaluated the sensitivity analyses performed.

We tested the mathematical accuracy of the calculations.

Key audit matter

Measurement of the Parent Company's equity investment in Roblon US Inc.
The Parent Company measures investments in subsidiaries at cost. If cost exceeds the recoverable amount, the asset is written down to its lower value.

If there is any indication of impairment, an impairment test is performed on the equity investment.

The impairment test is based on the discounted value in use of the expected cash flows of Roblon US Inc. The cash flows are based on budgets and strategy plans approved by Management.

We focused on the measurement of the Parent Company's equity investment in Roblon US Inc. because the measurement of the equity investment is based on significant estimates, including Management's expectations as regards future cash flows, growth rates, the profitability of Roblon US inc. as well as the discount rate applied.

We refer to note 2 and note 17 of the Consolidated Financial Statements.

How our audit addressed the key audit matter

We obtained an understanding of the Parent Company's accounting policies and procedures for the measurement of the Parent Company's equity investment in Roblon US Inc.

We evaluated Management's assessments relating to impairment losses recognised on the Parent Company's equity investment in Roblon US Inc. through comparison with budgets approved by Management, evaluation of the discounted cash flows of Roblon US Inc., including evaluation of the discount rate, the growth rates and contribution ratios applied eg by applying historical data, measures taken to improve profitability as well as contribution ratios realised by Roblon US Inc. after the balance sheet date.

We challenged Management as regards its assessment of future cash flows, growth rates, contribution margins and discount rate and evaluated the sensitivity analyses performed.

We tested the mathematical accuracy of the calculations.

for 2018/19. 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.

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.

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 communicated 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 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Henrik Kragh	**Line Borregaard**
State Authorised Puplic Accountant	State Authorised Puplic Accountant
mne26783	mne34353

Financial statements

2018/2019

Income statement

for the period 1 November - 31 October

		GROUP		PARENT COMPANY	
Amounts in DKK'000	**Note**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
Revenue	3	267,190	221,841	174,890	147,644
Cost of sales	4	-144,553	-113,810	-79,507	-72,562
Gross profit		**122,637**	**108,031**	**95,383**	**75,082**
Work carried out for own account and capitalised	5	4,139	3,070	4,139	3,070
Other operating income	6	1,524	2,215	8,829	4,408
Other external costs	7	-42,897	-45,805	-25,200	-20,314
Staff costs	8	-87,088	-51,618	-61,282	-50,298
Depreciation, amortisation and impairment	10	-20,762	-10,141	-8,218	-6,673
Operating profit/loss (EBIT) from continuing operations		**-22,447**	**5,752**	**13,651**	**5,275**
Financial income	11	3,376	4,184	4,120	4,621
Financial expenses	12	-587	-343	-587	-343
Profit/loss before tax from continuing operations		**-19,658**	**9,593**	**17,184**	**9,553**
Tax on profit/loss for the year from continuing operations	13	5,013	-1,938	-4,115	-1,854
Profit/loss for the year from continuing operations after tax		**-14,645**	**7,655**	**13,069**	**7,699**
Profit/loss for the year from discontinued operations after tax	32	-	6,875	-	6,875
Profit/loss for the year		**-14,645**	**14,530**	**13,069**	**14,574**
Proposed appropriation of profit/loss					
Retained earnings				13,069	-3,308
Proposed dividends				0	17,882
				13,069	14,574
Earnings per share (DKK)	14				
Earnings per share (EPS), continuing operations		-8.2	4.3		
Earnings per share, diluted (EPS-D), continuing operations		-8.2	4.3		

Consolidated statement of comprehensive income

for the period 1 November - 31 October

		GROUP		PARENT COMPANY	
Amounts in DKK'000	**Note**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
Profit/loss for the year		-14,645	14,530	13,069	14,574
Other comprehensive income					
Items that will be recycled to profit or loss					
Fair value adjustments during the year		-	-1,238	-	-1,238
Fair value adjustments reclassified to financial income/expenses		-	-477	-	-477
Fair value adjustment of available-for-sale financial assets		-	-1,715	-	-1,715
Foreign exchange adjustment on translation of foreign subsidiary		71	698	-	-
Tax on other comprehensive income	13	-	378	-	378
Other comprehensive income		**71**	**-639**	**-**	**-1,337**
Comprehensive income for the year		**-14,574**	**13,891**	**13,069**	**13,237**

Balance sheet

At 31 October

		GROUP		PARENT COMPANY	
Amounts in DKK'000	**Note**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
ASSETS					
Completed development projects		879	1,040	879	1,040
Development projects in progress		7,292	5,047	7,292	5,047
Trademarks, licenses and customer relations		7,355	17,120	-	-
Other intangible assets		9,156	4,600	9,156	4,600
Intangible assets	15	**24,682**	**27,807**	**17,327**	**10,687**
Land and buildings		21,185	22,693	21,185	22,693
Plant and machinery		25,795	21,658	17,189	12,221
Other fixtures and fittings, tools and equipment		1,255	922	1,255	922
Property, plant and equipment in progress		4,582	2,088	1,524	1,368
Property, plant and equipment	16	**52,817**	**47,361**	**41,153**	**37,204**
Investment in subsidiary	17	-	-	27,796	27,796
Non-current receivable regarding sale of discontinued operation	18	2,376	-	2,376	-
Deferred tax assets	25	8,886	-	-	-
Financial assets		**11,262**	**-**	**30,172**	**27,796**
Total non-current assets		**88,761**	**75,168**	**88,652**	**75,687**
Inventories	19	**55,809**	**41,459**	**44,884**	**24,285**
Trade receivables	20	69,362	47,769	58,232	30,423
Current receivable regarding sale of discontinued operation	18	755	2,718	755	2,718
Amount owed by subsidiary		-	-	45,086	23,188
Other receivables		2,163	1,073	2,163	1,022
Prepayments		621	237	621	237
Receivables		**72,901**	**51,797**	**106,857**	**57,588**
Securities	22	**51,115**	**110,836**	**51,115**	**110,836**
Cash and cash equivalents	23	**3,012**	**11,501**	**189**	**5,831**
Total current assets		**182,837**	**215,593**	**203,045**	**198,540**
Total assets		**271,598**	**290,761**	**291,697**	**274,227**

		GROUP		PARENT COMPANY	
Amounts in DKK'000	**Note**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
EQUITY AND LIABILITIES					
Share capital		35,763	35,763	35,763	35,763
Other reserves		-1,514	-1,712	4,154	2,368
Retained earnings		181,766	196,411	204,724	193,314
Proposed dividends		-	17,882	-	17,882
Total equity	24	**216,015**	**248,344**	**244,641**	**249,327**
Deferred tax liabilities	25	5,786	4,648	5,786	4,344
Total non-current liabilities		**5,786**	**4,648**	**5,786**	**4,344**
Operating credit		6,708	-	6,708	-
Other provisions	26	140	440	140	440
Advance payments from customers		2,757	2,262	2,757	2,262
Trade payables		28,700	27,106	21,278	9,991
Income tax	21	1,535	420	1,535	322
Other payables		9,957	7,541	8,852	7,541
Current liabilities		**49,797**	**37,769**	**41,270**	**20,556**
Total current liabilities		**49,797**	**37,769**	**41,270**	**20,556**
Total liabilities		**55,583**	**42,417**	**47,056**	**24,900**
Total equity and liabilities		**271,598**	**290,761**	**291,697**	**274,227**

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 2018	**35,763**	**-1,585**	**-127**	**196,411**	**17,882**	**248,344**
Adjustment, beginning of year			127			127
	35,763	**-1,585**	**-**	**196,411**	**17,882**	**248,471**
Profit/loss for the year				-14,645	-	-14,645
Foreign exchange adjustment on translation of foreign subsidiary		71				71
Comprehensive income for the financial year		**71**	**-**	**-14,645**	**-**	**-14,574**
Distributed dividends					-17,882	-17,882
Equity at 31 October 2019	**35,763**	**-1,514**	**-**	**181,766**	**-**	**216,015**
Equity at 31 October 2017	**35,763**	**-2,283**	**1,210**	**199,763**	**17,882**	**252,335**
Profit/loss 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 2018	**35,763**	**-127**	**2,495**	**193,314**	**17,882**	**249,327**
Adjustment, beginning of year		127				127
	35,763	**-**	**2,495**	**193,314**	**17,882**	**249,454**
Profit/loss for the year				13,069	-	13,069
Recognised development costs for the year after tax			1,659	-1,659		-
Comprehensive income for the financial year		**-**	**1,659**	**11,410**	**-**	**13,069**
Distributed dividends					-17,882	-17,882
Equity at 31 October 2019	**35,763**	**-**	**4,154**	**204,724**	**-**	**244,641**
Equity at 31 October 2017	**35,763**	**1,210**	**1,517**	**197,600**	**17,882**	**253,972**
Profit/loss 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		**-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		**2018/19**	**2017/18**	**2018/19**	**2017/18**
Operating profit/loss (EBIT) from continuing operations		-22,447	5,752	13,651	5,275
Profit/loss before tax from discontinued operations	32	-	-808	-	-808
Operating profit/loss (EBIT)		**-22,447**	**4,944**	**13,651**	**4,467**
Adjustment for non-cash items	30	20,151	10,062	7,944	6,943
Change in working capital	31	-33,325	25,789	-44,025	25,220
Cash generated from operations		**-35,621**	**40,795**	**-22,430**	**36,630**
Financial income received		1,663	3,578	2,409	4,236
Financial expenses paid		-101	-	-101	-
Income tax paid		-3,491	-7,279	-3,410	7,279
Income tax received		1,951	-	1,951	-
Cash flow from operating activities		**-35,599**	**37,094**	**-21,581**	**33,587**
Purchase of intangible assets		-8,565	-16,568	-8,565	-7,834
Sale of intangible assets		-	5,176	-	5,176
Purchase of property, plant and equipment		-14,224	-9,296	-10,266	-4,825
Sale of property, plant and equipment		-	15,315	-	15,315
Purchase of securities		-3,930	-59,951	-3,930	-59,951
Sale of securities		65,003	33,464	65,003	33,464
Proceeds from sale of discontinued operations		-	9,622	-	9,622
Balances with subsidiary		-	-	-15,129	-13,668
Cash flow from investing activities		**38,284**	**-22,238**	**27,113**	**-22,701**
Operating credits used		6,708	-	6,708	-
Dividends paid		-17,882	-17,882	-17,882	-17,882
Cash flow from financing activities		**-11,174**	**-17,882**	**-11,174**	**-17,882**
Change in cash and cash equivalents		-8,489	-3,026	-5,642	-6,996
Cash and cash equivalents at beginning of year		11,501	14,648	5,831	12,948
Value adjustment of cash and cash equivalents		-	-121	-	-121
Cash and cash equivalents at end of year		**3,012**	**11,501**	**189**	**5,831**

Overview of notes to financial statements

1	Accounting policies	43
2	Uncertainties and estimates	44
3	Revenue	45
4	Cost of sales	46
5	Work carried out for own account and capitalised	46
6	Other operating income	46
7	Other external costs	46
8	Staff costs	47
9	Product development costs	48
10	Depreciation, amortisation and impairment	48
11	Financial income	48
12	Financial expenses	48
13	Tax on profit/loss for the year	49
14	Earnings per share	50
15	Intangible assets	51
16	Property, plant and equipment	53
17	Investment in subsidiary	54
18	Receivable regarding sale of discontinued operation	54
19	Inventories	55
20	Trade receivables	56
21	Income tax	56
22	Marketable securities	57
23	Cash	58
24	Equity	58
25	Deferred tax assets and liabilities	59
26	Other provisions	59
27	Financial risk	60
28	Rental and lease commitments and commitments under service agreements entered into on acquisition of business	64
29	Contingent assets and liabilities	64
30	Adjustment for non-cash items	65
31	Change in working capital	65
32	Discontinued operations	66
33	Related parties	68
34	Shareholder Information	69
35	Events after the balance sheet date	72
36	Accounting policies	70
37	Financial ratio definitions and formulas	74

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 2018 – 31 October 2019 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 2018/19 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 2019, the Board of Directors and Executive Management considered and approved the annual report of Roblon A/S for 2018/19. The annual report will be submitted to Roblon A/S' shareholders for adoption at the annual general meeting to be held on 23 January 2020.

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 have been changed relative to those applied in the annual report for 2017/18 as a result of the implementation of new standards as described below.

Implementation of new standards and interpretations
Roblon A/S has implemented the standards and interpretations that are effective for 2018/19. New and amended standards are implemented when they come into force.

- IASB issued IFRS 9 Financial Instruments, which changes the classification and measurement of financial assets and liabilities. The Group's receivables, mainly consisting of trade receivables, are measured at amortised cost as the Group's business model is to hold these assets with a view to receiving the contractual cash flows. Under IFRS 9, impairment losses on financial assets measured at amortised cost are recognised based on the expected credit loss model. As the Group has previously recognised insignificant losses on financial receivables, the transition to applying the expected credit loss model is not assessed to have a significant effect on amounts recognised in the financial statements.

  The Group's marketable securities are measured at fair value and unrealised market value adjustments were previously classified as through other comprehensive income. Under IFRS 9, such adjustments may be classified as through profit or loss. The effects of this reclassification was a DKKm 0.1 increase in financial expenses and a corresponding adjustment of the opening reserve under equity. Comparative figures have not been restated.
- IASB issued IFRS 15 Revenue from Contracts with Customers, introducing a new model for recognition and measurement of revenue from sales contracts with customers.
  A sales transaction should be recognised in the income statement as the customer obtains control of the goods or services. Previously, Roblon recognised revenue when risk was transferred to the customer, which for most of the FOC and Composite product groups is the time when control with the goods is obtained by the customer. For sales of cable machinery, which fall under the FOC product group, control is obtained when the machine has been installed, if this service is part of the contract. The Group has implemented the new standard in the financial year 2018/19, and it has not had a significant effect on revenue recognition or measurement.

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 2019/20 or later. They include:

- IASB issued IFRS 16 Leases. The standard is effective for financial years beginning on or after 1 January 2019. The standard will significantly 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.

  The implementation will affect the Group's annual report, as Roblon had operating leases or similar arrangements with a discounted value for recognition in the balance sheet in the amount of DKKm 3.4 at the end of the 2018/19 financial year. The effect on profit or loss in the year of implementation will be insignificant, as the annual lease payment costs in all material expects equal the value of interest and depreciation and amortisation of the items recognised in the balance sheet.

In 2017/18, production staff in the US subsidiary were sourced through an external partner and were reported under cost of sales at DKKm 10.6. This expense item should instead have been reported under other external costs and has therefore in the annual report for 2018/19 been reclassified in the comparative figures for 2017/18.

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 historical 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
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 2018/19 consolidated financial statements, the following key assumptions and uncertainties should be noted:

Trademarks, licenses and customer relations, other intangible assets and investment in subsidiary
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.

As described in the management's review on page 14, one of the Group's major customers faced financial difficulties in the spring of 2019. Against that background, Management assessed that the residual value of the intangible assets related to the investment made in connection with the contract with the customer in question was impaired. Management assessed that there was evidence of impairment of trademarks. Consequently, an impairment test was performed at 31 October 2019, which did not give rise to further adjustment of recognised amounts.

The value of trademarks recognised in the balance sheet at 31 October 2019 was DKKm 7.4 (DKKm 8.2).

Management furthermore assessed that there was evidence of impairment of the investment in Roblon US. Consequently, an impairment test was performed at 31 October 2019, which did not give rise to further adjustment of recognised amounts.

The value of the parent company's investment recognised in the balance sheet at 31 October 2019 was DKKm 27.8 (DKKm 27.8).

The estimation uncertainty associated with the impairment tests performed relates to the parameters applied in the calculations, including future cash flows, growth rates, contribution margins and discount rates.

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 2019 was DKKm 55.8 (DKKm 41.5). Total inventory write-down at 31 October 2019 was DKKm 12.6 (DKKm 3.3). Of the total inventory write-down, DKKm 6.5 concerned inventories related to the Senvion project contract.

Deferred tax assets
Deferred tax assets are recognised in respect of unutilised tax losses to the extent that it is considered probable that the Group will recognised taxable income against which the losses can be set off within a foreseeable number of years. Determining the amount of deferred tax assets to be recognised is based on an estimate of the probable timing and amount of future taxable income.

Management assesses that tax losses in the amount of DKKm 10.2, recognised as deferred tax assets in the amount of DKKm 8.9 at 31 October 2019, can be realised within a reasonable number of years.

Notes to the financial statements

3. Revenue

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

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
Revenue from external customers:				
By product groups				
FOC	147,819	125,520	80,934	80,013
Composite	119,371	96,321	93,956	67,631
Total	**267,190**	**221,841**	**174,890**	**147,644**
By geographical markets				
Denmark	3,367	12,346	3,367	12,346
United Kingdom	29,538	36,976	29,431	33,358
Rest of Europe	88,844	72,249	63,156	54,595
Asia	23,498	15,558	23,252	14,811
Brazil	49,569	27,802	49,556	27,776
Latin America	16,386	17,007	198	1,553
USA	55,988	39,903	5,930	3,205
Total	**267,190**	**221,841**	**174,890**	**147,644**

Of the Group's non-current assets, DKKm 58.5 (DKKm 47.9) were located in Denmark and DKKm 19.0 (DKKm 27.3) in the USA.

Of the Group's total revenue, two individual customers accounted for more than 10%. The customers are distributed among both product groups and represent total revenue of DKKm 46.6 in Composite and DKKm 18.9 in FOC. In 2017/18, no individual customers accounted for more than 10% of the Group's total revenue.

The USD/DKK exchange rate development positively affected the Group's reported revenue by DKKm 5.1 relative to the expected USD/DKK exchange rate of 625.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
4. Cost of sales				
Cost of sales	136,392	114,524	77,164	73,170
Change in inventory write-down	8,161	-714	2,343	-608
Total	**144,553**	**113,810**	**79,507**	**72,562**
2018/19 was adversely affected by an extraordinarily inventory write-down of DKKm 6.5 concerning Senvion.				
5. Work carried out for own account and capitalised				
Work carried out for own account and capitalised as intangible assets, see note 15	3,655	3,036	3,655	3,036
Work carried out for own account and capitalised as property, plant and equipment, see note 16	484	34	484	34
Total	**4,139**	**3,070**	**4,139**	**3,070**
6. Other operating income				
Profit/loss from sale of non-current assets	-26	30	-26	30
Management fee, subsidiary	-	-	7,305	2,193
Administrative services rendered to purchaser of divested operations	900	1,655	900	1,655
Rental income	650	530	650	530
Total	**1,524**	**2,215**	**8,829**	**4,408**
7. Other external costs				
External costs incurred	42,897	45,805	25,200	20,314
Total	**42,897**	**45,805**	**25,200**	**20,314**
Fee to auditors appointed in general meeting				
PwC				
Statutory audit of financial statements	370	234	370	234
Tax advice	94	5	94	5
Fees for other general accounting and tax advice	207	175	207	175
Total	**671**	**414**	**671**	**414**
Deloitte				
Statutory audit of financial statements	-	78	-	78
Total	**0**	**78**	**0**	**78**

Fees for non-audit services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to DKKt 301 (DKKt 180) and consisted 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	**2018/19**	**2017/18**	**2018/19**	**2017/18**
8. Staff costs				
Wages and salaries	78,187	58,193	57,181	56,956
Defined contribution plans, other	5,123	4,529	4,261	4,529
Other social security costs	5,188	1,054	1,250	971
Cost reimbursement received from public authorities	-1,410	-706	-1,410	-706
Total	**87,088**	**63,070**	**61,282**	**61,750**
Staff costs, discontinued operations	-	-11,452	-	-11,452
Staff costs, continuing operations	**87,088**	**51,618**	**61,282**	**50,298**
Remuneration, parent company Board of Directors	1,170	770	1,170	770
Remuneration, parent company Executive Management	5,387	5,201	5,387	5,201
Bonuses, parent company Executive Management	-	1,031	-	1,031
Pension contributions, parent company Executive Management	445	521	445	521
Total remuneration and pensions, parent company Executive Management	5,832	6,753	5,832	6,753
Total remuneration and pensions, parent company Board of Directors and Executive Management	7,002	7,523	7,002	7,523
Remuneration, other senior employees	7,308	5,692	5,187	4,706
Pension contributions, other senior employees	525	375	399	375
Total remuneration and pensions, other senior employees	7,833	6,067	5,586	5,081
Total remuneration and pensions, Board of Directors, Executive Management and senior employees	14,835	13,590	12,588	12,604

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	171	124	104	122
Average number of full-time employees excluding discontinued operations	171	96	104	94

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
9. Product development costs (supplementary information)				
Product development costs incurred for own account before capitalisation	7,476	7,575	7,476	7,575
Of this, value of capitalised work for own account	-1,544	-1,725	-1,544	-1,725
Of this, capitalised external costs incurred	-977	-769	-977	-769
Recognised in the income statement under other external costs and staff costs	**4,955**	**5,081**	**4,955**	**5,081**
10. Depreciation, amortisation and impairment				
Amortisation, intangible assets	3,616	2,324	1,925	899
Impairment, intangible assets	8,239	-	-	-
Depreciation, property, plant and equipment	8,907	8,125	6,293	6,082
Total	**20,762**	**10,449**	**8,218**	**6,981**
Allocated as follows:				
Continuing operations	20,762	10,141	8,218	6,673
Discontinued operations	-	308	-	308
Total	**20,762**	**10,449**	**8,218**	**6,981**
11. Financial income				
Return on securities	623	1,751	623	1,751
Other interest income	108	105	108	105
Interest income from subsidiary	-	-	655	214
Market value gain on securities	1,711	770	1,711	770
Foreign exchange gain and adjustment (net)	934	1,558	1,023	1,781
Total	**3,376**	**4,184**	**4,120**	**4,621**
12. Financial expenses				
Other interest expenses	101	50	101	50
Market value loss on securities	486	293	486	293
Total	**587**	**343**	**587**	**343**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
13. Tax on profit/loss for the year				
Tax for the year is specified as follows:				
Tax on profit/loss for the year from continuing operations	-5,013	1,938	4,115	1,854
Tax on profit/loss for the year from discontinued operations	-	1,939	-	1,939
Tax on other comprehensive income	-	-378	-	-378
Tax on profit/loss for the year	**-5,013**	**3,499**	**4,115**	**3,415**
Tax on profit/loss for the year from continuing operations is calculated as follows:				
Current tax	2,320	2,778	2,320	2,694
Deferred tax	-7,413	-293	1,442	-597
Prior-year tax adjustments	80	-547	353	-243
	-5,013	**1,938**	**4,115**	**1,854**
Calculated tax on profit/loss before tax from continuing operations, 22%	-4,345	2,110	3,780	2,102
Tax effect of:				
Non-deductible items	9	-20	-18	-20
Other adjustments	-757	395	-	15
Prior-year tax adjustments	80	-547	353	-243
Total	**-5,013**	**1,938**	**4,115**	**1,854**
Effective tax rate (%)	25.5%	20.2%	23.9%	19.4%

Tax on other comprehensive income, DKKt 0 (DKKt 378) related to tax on securities.

Notes to the financial statements

	GROUP	
Amounts in DKK'000	**2018/19**	**2017/18**
14. Earnings per share		
Profit/loss for the year after tax, continuing operations	-14,645	7,655
Profit/loss for the year after tax, discontinued operations	-	6,875
Profit/loss for the year after tax, continuing and discontinued operations	**-14,645**	**14,530**
Number of A shares of DKK 200 each	27,775	27,775
Number of B shares of DKK 20 each	1,510,400	1,510,400
Calculated total number of shares (A shares converted at a factor of 10 to 277,750 shares)	1,788,150	1,788,150
A shares in percent of calculated total number of shares	15.5%	15.5%
Earnings per A share, continuing operations	-81.7	42.8
Earnings per A share, discontinued operations	-	38.4
Earnings per A share, continuing and discontinued operations	-81.7	81.3
B shares in percent of calculated total number of shares	84.5%	84.5%
Earnings per B share, continuing operations	-8.2	4.3
Earnings per B share, discontinued operations	-	3.8
Earnings per B share, continuing and discontinued operations (EPS)	-8.2	8.1

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

Notes to the financial statements

Amounts in DKK'000	GROUP Completed development projects	Development projects in progress	Trademarks, licenses and customer relations	Other intangible assets	PARENT COMPANY Completed development projects	Development projects in progress	Other intangible assets
15. Intangible assets							
Cost at 1 November 2018	3,868	5,047	19,108	4,600	3,868	5,047	4,600
Addition of assets developed in-house 2018/19	-	1,544	-	2,111	-	1,544	2,111
Other additions	-	1,256	-	3,654	-	1,256	3,654
Foreign exchange adjustment	-	-	315	-	-	-	-
Transferred	555	-555	-	-	555	-555	-
Cost at 31 October 2019	**4,423**	**7,292**	**19,423**	**10,365**	**4,423**	**7,292**	**10,365**
Amortisation and impairment at 1 November 2018	2,828	-	1,988	-	2,828	-	-
Amortisation and impairment for the year	716	-	9,930	1,209	716	-	1,209
Foreign exchange adjustment	-	-	150	-	-	-	-
Amortisation and impairment at 31 October 2019	**3,544**	**-**	**12,068**	**1,209**	**3,544**	**-**	**1,209**
Carrying amount at 31 October 2019	**879**	**7,292**	**7,355**	**9,156**	**879**	**7,292**	**9,156**
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**

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 were based on the budget and strategy plans approved by Management and a discount factor of 10% (10%). No need for impairment write-down was identified for either the current or the previous 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.

As described in the management's review on page 14, one of the Group's major customers faced financial difficulties in the spring of 2019. Against that background, Management assessed that an impairment write-down of approx. DKKm 8.5 of the residual value of licences and customer relations was required concerning the investments made in connection with the contract with the customer in question.

Management furthermore assessed that there was evidence of impairment of trademarks, licences and customer relations. An impairment test was performed at 31 October 2019. The cash flows in the impairment test were based on budgets and strategy plans approved by Management and a discount factor of 13.6%. No need for impairment write-down was identified. The impairment test did not give rise to any further adjustments to the financial statements.

Notes to the financial statements

	GROUP				PARENT COMPANY			
Amounts in DKK'000	**Land and buildings**	**Plant and machinery**	**Other fixtures and fittings, tools and equipment**	**Property, plant and equip-ment in progress**	**Land and buildings**	**Plant and machinery**	**Other fixtures and fittings, tools and equipment**	**Property, plant & equipment in progress**
16. Property, plant and equipment								
Cost at 1 November 2018	63,841	94,411	6,318	2,088	63,841	81,944	6,318	1,368
Addition of assets developed in-house	-	484	-	-	-	484	-	-
Other additions	698	2,659	866	9,519	698	726	866	7,494
Foreign exchange adjustment	-	348	-	-	-	-	-	-
Transfers	-	7,025	-	-7,025	-	7,338	-	-7,338
Disposals	-	-550	-70	-	-	-550	-70	-
Cost at 31 October 2019	**64,539**	**104,377**	**7,114**	**4,582**	**64,539**	**89,942**	**7,114**	**1,524**
Depreciation and impairment at 1 November 2018	41,148	72,753	5,396	-	41,148	69,723	5,396	-
Reversal on disposal	-	-550	-44	-	-	-550	-44	-
Foreign exchange adjustment	-	185	-	-	-	-	-	-
Depreciation for the year	2,206	6,194	507	-	2,206	3,580	507	-
Depreciation and impairment at 31 October 2019	**43,354**	**78,582**	**5,859**	**-**	**43,354**	**72,753**	**5,859**	**-**
Carrying amount at 31 October 2019	**21,185**	**25,795**	**1,255**	**4,582**	**21,185**	**17,189**	**1,255**	**1,524**
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**

Net proceeds from sales of property, plant and equipment of a negative DKKt 26 (a positive DKKt 30) were recognised in other operating income.
Property, plant and equipment fully depreciated but still in use amounted to DKKm 76.4 (DKKm 73.5) calculated at original cost.

Notes to the financial statements

	PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**
17. Investment in subsidiary		
Cost at 1 November	27,796	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/loss for the year DKK'000
Roblon US Inc.	North Carolina	100%	USD 0.1	45,086	-831	-27,644

Management assessed that there was evidence of impairment of the investment in Roblon US. An impairment test was performed at 31 October 2019. The cash flows in the impairment test were based on budgets and strategy plans approved by Management and a discount factor of 13.6%. No need for impairment write-down was identified. The impairment test did not give rise to any further adjustments to the financial statements.

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
18. Receivable regarding sale of discontinued operation				
Receivable from buyer of divested operation	3,931	2,718	3,931	2,718
Impairment write-down	-800	-	-800	-
Total	**3,131**	**2,718**	**3,131**	**2,718**
The receivable falls due within the following periods from the balance sheet date:				
Less than one year	755	2,718	755	2,718
Between one and two years	600	-	600	-
Between two and five years	1,776	-	1,776	-
Total	**3,131**	**2,718**	**3,131**	**2,718**

As part of the agreement to sell Roblon Lighting on 30 April 2017, the Group provided a loan of DKKm 2.6, which bears interest at 3% p.a. In the past financial year, the Group entered into an agreement for the loan to be repaid over a five-year period, and part of the receivable is thus non-current.

The total DKKm 3.9 receivable consists of DKKm 2.8 relating to financing on sale of discontinued operation and DKKm 1.1 relating to operating balances arising in 2018/19.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
19. Inventories				
Raw materials and consumables	31,722	17,423	26,075	11,172
Work in progress	14,766	10,269	13,300	5,440
Finished goods	9,321	13,767	5,509	7,673
Total	**55,809**	**41,459**	**44,884**	**24,285**
Inventory write-downs:				
Write-downs at 1 November	3,267	10,353	3,806	9,637
Adjustment/write-down of divested inventories	1,187	-6,372	-	-5,223
Change, write-downs	8,161	-714	2,343	-608
Write-downs at 31 October	**12,615**	**3,267**	**6,149**	**3,806**

In total, the Group's write-downs for obsolescence amounted to DKKm 12.6 (DKKm 3.3), equalling a write-down ratio of 18.4% (7.3%) of the calculated gross value of the inventories.

In total, the parent company's write-downs for obsolescence amounted to DKKm 6.1 (DKKm 3.8), equalling a write-down ratio of 12.0% (13.5%) of the calculated gross value of the inventories.

As stated in company announcement no. 5/2019 issued on 12 April 2019, the Group wrote down inventories relating to Senvion. The extraordinary write-down amounted to DKKm 6.5.

Adjusted for write-downs made in relation to the Senvion project contract, the Group wrote down a total of DKKm 6.1 (DKKm 3.3), equalling a write-down ratio of 9.9% (7.3%) of the calculated gross value of inventories.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
20. Trade receivables				
Trade receivables	69,362	47,769	58,232	30,423
Trade receivables	**69,362**	**47,769**	**58,232**	**30,423**

Of the total trade receivables, DKKm 33.5 was secured by letter of credit, other third-party security or by credit insurance (DKKm 18.3).

Provision for impairment of trade receivables is made based on an expected credit loss model. The calculated impairment was insignificant. Trade receivables are written down to net realisable value.

	GROUP 2018/19	GROUP 2017/18	PARENT COMPANY 2018/19	PARENT COMPANY 2017/18
Provisions at 1 November	50	415	50	415
Reversed provisions	-50	-138	-50	-138
Losses recorded for the year	-	-277	-	-277
Provisions for losses for the year	-	50	-	50
Loss provision account at 31 October	**0**	**50**	**0**	**50**
21. Income tax				
Receivable/payable at 1 November	-420	-3,876	-322	-3,588
Prior-year excess tax reimbursed	-1,890	-	-1,890	-
Prior-year income tax paid	1,951	5,090	1,951	5,172
	-359	**1,214**	**-261**	**1,584**
Prior-year tax adjustments	-255	569	-353	243
Current tax	-2,320	-4,131	-2,320	-4,077
Current-year tax paid on account	1,399	1,928	1,399	1,928
Receivable/payable at 31 October	**-1,535**	**-420**	**-1,535**	**-322**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**

22. Marketable securities

Marketable securities comprise listed bonds, equity portfolios and other listed securities measured at fair value determined as market price at the balance sheet date, which is level 1 in the fair value hierarchy. The recognition of value adjustment of these securities was changed due to the implementation of IFRS 9. Previously, securities were recognised as available for sale, and thus measured at fair value through other comprehensive income. Under the new IFRS 9, securities are still measured at fair value, but through profit or loss.

	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Cost at 1 November	111,072	84,585	111,072	84,585
Additions during the year	3,930	59,951	3,930	59,951
Disposals during the year	-64,605	-33,464	-64,605	-33,464
Cost at 31 October	**50,397**	**111,072**	**50,397**	**111,072**
Value adjustment at 1 November	-236	1,582	-236	1,582
Fair value adjustments	954	-1,818	954	-1,818
Value adjustment at 31 October	**718**	**-236**	**718**	**-236**
Carrying amount at 31 October	**51,115**	**110,836**	**51,115**	**110,836**
The following additional information applies to bonds:				
Average duration of (years)	2.4	2.7	2.4	2.7
Average effective yield of	0.7	1.6	0.7	1.6
The bonds mature within the following periods from the balance sheet date:				
Less than one year	-	-	-	-
Between one and two years	32,293	69,357	32,293	69,357
Between two and three years	2,513	6,911	2,513	6,911
Between three and four years	-	2,685	-	2,685
Between four and five years	2,129	1,787	2,129	1,787
More than five years	6,417	12,499	6,417	12,499
Total	**43,352**	**93,239**	**43,352**	**93,239**
Total equities	**7,763**	**17,597**	**7,763**	**17,597**
Total marketable securities	**51,115**	**110,836**	**51,115**	**110,836**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
23. Cash and cash equivalents				
Cash and bank balances	**3,012**	**11,501**	**189**	**5,831**

	NUMBER		NOMINAL VALUE, DKK'000	
	2018/19	**2017/18**	**2018/19**	**2017/18**
24. Equity				
Share capital				
A shares of DKK 200 each	27,775	27,775	5,555	5,555
B shares of DKK 20 each	1,510,400	1,510,400	30,208	30,208
Total			**35,763**	**35,763**

24. Equity

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

In a stock split on 25 March 2013, the denomination of the 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.

Reserve for available-for-sale financial assets
After the implementation of IFRS 9, changes in the fair value of financial assets are recognised through profit or loss.
Consequently, no reserve for financial assets is recognised as from the 2018/19 financial year. The reserve for available-for-sale financial assets has been reversed over the income statement. On transition to IFRS 9, the reserve was dissolved.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
25. Deferred tax assets and liabilities				
Deferred tax at 1 November	-4,648	-4,941	-4,344	-4,941
Adjustment, beginning of year	335	-	-	-
Deferred tax for the year, recognised in profit for the year	7,413	293	-1,442	597
Deferred tax at 31 October	**3,100**	**-4,648**	**-5,786**	**-4,344**
Deferred tax assets	8,886	-	-	-
Deferred tax liabilities	-5,786	-4,648	-5,786	-4,344
Net deferred tax at 31 October	**3,100**	**-4,648**	**-5,786**	**-4,344**
The provision for deferred tax relates to:				
Current assets	436	530	436	530
Intangible assets	3,691	2,351	3,812	2,351
Property, plant and equipment	3,199	1,864	1,745	1,560
Tax loss carry-forward	-10,219	-	-	-
Non-current liabilities	-207	-97	-207	-97
Total	**-3,100**	**4,648**	**5,786**	**4,344**

At 31 October 2019, the Group recognised a deferred tax asset of DKKm 8.9, which mainly consists in tax losses carried forward. The tax loss was primarily due to the Senvion loss and thus did not represent an ordinary operating loss. It is deemed highly probable that the Group will generate sufficient earnings within a few years for the deferred tax asset to be recovered.

26. Other provisions				
Other provisions at 1 November	440	725	440	725
Additions during the period	290	460	290	460
Used during the period	-590	-745	-590	-745
Other provisions at 31 October	**140**	**440**	**140**	**440**

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	**31/10/2019**	**31/10/2018**
27. Financial risks		
Specification of financial assets and liabilities		
Non-current receivable regarding sale of discontinued operation	2,376	-
Current receivable regarding sale of discontinued operation	755	2,718
Trade receivables	69,362	47,769
Other receivables	2,163	1,073
Cash and cash equivalents	3,012	11,501
Total financial assets at amortised cost	**77,668**	**63,061**
Marketable securities	51,115	110,836
Financial assets at fair value through profit or loss	**51,115**	**110,836**
Operating credit	6,708	-
Advance payments from customers	2,757	2,262
Trade payables	28,700	27,106
Other payables	9,957	7,541
Financial liabilities measured at amortised cost	**48,122**	**36,909**

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.

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 2017/18.

Notes to the financial statements

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

27. Financial risks

Currency risk

A large proportion of Roblon's revenue, production and capacity costs are invoiced and settled in foreign currencies, principally EUR.
Transactions in the Group's subsidiary mainly take place in USD, and all assets and liabilities in the subsidiary's balance sheet are denominated in USD.

Roblon's foreign exchange policy is to ensure that, whenever possible, transactions are made in DKK and EUR. Consequently, Roblon's results and financial position may be affected by fluctuations between USD and DKK.

The Group's foreign exchange policy allows for hedging of currency risks by means of forward exchange contracts or other relevant instruments.
In view of the level of the Group's total exposures, Management has not deemed it appropriate to enter into hedging transactions.

The Group's currency positions at 31 October 2019 stated in DKK:

Currency	Receivables/cash and cash equivalents	Debt	Net position
EUR	57,027	-13,452	43,575
USD	14,176	-7,735	6,441
GBP	167	-	167
Total	**71,370**	**-21,187**	**50,183**

All other things being equal, a 10% depreciation of the USD against DKK at the balance sheet date would impact profit and equity negatively by approximately DKKm 0.6 (negative DKKm 1.1).

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	-	-35	-35
Total	**52,666**	**-22,432**	**30,234**

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 in bank accounts, in listed bonds and equities.

Notes to the financial statements

27. Financial risk

Risks related to securities
The Group has invested DKKm 51.1 via asset management agreements. The 12-month Value at Risk (VaR) is 4.4%, which means that with a 95% confidence level, the Group's maximum loss risk is up to DKKm 2.0 of the total value of securities at 31 October 2019 (DKKm 4.0).

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

Asset management agreements, whether individually tailored arrangements or structured portfolio products, may only be entered into via professional and approved providers governed (owned) by systemic financial institutions.

Significant elements of the mandate that asset managers are given by Roblon:
- Focus should be on protecting the invested capital rather than on optimising returns
- An investment horizon of two years (although Roblon may withdraw at short notice, if required)
- A maximum of 20% in equities and a minimum of 80% in bonds.

Marketable securities comprise 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 2.4 (2.7), 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 positive impact of DKKm 1.2 (DKKm 0.1) before tax on the Group's results 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 1.2 (DKKm 0.1).

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

As the Group does not have significant interest-bearing debt, its exposure to market interest rate fluctuations is not significant from a risk perspective.

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	**2018/19**	**2017/18**
Marketable securities	51,116	110,836
Cash	3,012	11,501
Unutilised credit facilities	3,292	10,000
Total	**57,420**	**132,337**

Notes to the financial statements

27. Financial risk

Credit risk

The Group's principal credit risk relates to trade receivables. The Group performs credit assessments of new customers and regularly reassesses the credit rating of existing customers. Roblon on an individual basis assesses any need to take out credit insurance via the established credit insurance scheme, to require full or partial advance payment or to obtain any other security for payment.

At 31 October 2019, receivables were partially credit insured and a significant portion of the Group's receivables were secured by alternative means. 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 33.5 were secured by letter of credit, other third-party security or by credit insurance (DKKm 18.3).

Overdue, but not impaired receivables are distributed as follows:

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**31/10/2019**	**31/10/2018**	**31/10/2019**	**31/10/2018**
Overdue by up to one month	7,036	5,159	6,887	1,236
Overdue by between one and three months	666	2,475	666	801
Overdue by between three and six months	-	332	-	217
Overdue by more than six months	105	2,481	105	2,319
Total	**7,807**	**10,447**	**7,658**	**4,573**

The maximum credit risk exposure to receivables corresponds to their carrying amount. Specifically in respect of overdue receivables, a loss provision of DKKt 0 was made at 31 October 2019 (DKKt 50).

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 securities, 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	**2018/19**	**2017/18**	**2018/19**	**2017/18**

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:

	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
Within one year of the balance sheet date	3,981	4,996	211	186
Between one and five years from the balance sheet date	1,949	6,342	446	366
Total	**5,930**	**11,338**	**657**	**552**
Rental and lease costs recognised in profit for the year	5,487	5,381	244	238

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 assets and liabilities

Bank guarantees have been provided in the amount of DKKm 0.2 as security for advance payments received (DKKm 1.5).

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.

Roblon signed a conditional settlement agreement with wind turbine manufacturer Senvion and its subsidiary Ria Blades. In accordance with this agreement dated 20 December 2019, the project contract will be terminated with immediate effect. Roblon and the Senvion Group's respective obligations under the contract will be cancelled against Senvion's payment of a settlement amount of USDm 6.6 (approx. DKKm 43) to Roblon.

The settlement amount is due for payment shortly after SGRE's conditional acquisition of Ria Blades and selected European assets from Senvion is effected. SGRE's conditional acquisition is expected to be completed in Q1 2020. Due to the inherent uncertainty about the conditional agreement between SGRE and Senvion, the settlement amount has not been factored into Management's profit guidance for 2019/20.

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
30. Adjustment for non-cash items				
Profit from sale of property plant and equipment	26	30	26	30
Depreciation, amortisation and impairment	20,762	10,449	8,218	6,981
Provisions	-300	-285	-300	-285
Foreign exchange adjustment	-337	-132	-	217
Total	**20,151**	**10,062**	**7,944**	**6,943**
31. Change in working capital				
Change in inventories	-14,350	32,660	-20,599	42,664
Change in receivables	-23,480	719	-36,533	3,818
Change in current liabilities	4,505	-7,590	13,107	-21,262
Total	**-33,325**	**25,789**	**-44,025**	**25,220**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
32. Discontinued operations				
Income statement, discontinued operations				
Revenue	-	27,183	-	27,183
Cost of sales	-	-11,121	-	-11,121
Gross profit	**-**	**16,062**	**-**	**16,062**
Other external costs	-	-5,100	-	-5,100
Staff costs	-	-11,452	-	-11,452
Depreciation, amortisation and impairment	-	-318	-	-318
Operating profit/loss	**-**	**-808**	**-**	**-808**
Tax on profit/loss for the year	-	178	-	178
Operating profit/loss after tax	**-**	**-630**	**-**	**-630**
Net proceeds from divestment of operations	-	9,622	-	9,622
Tax on this amount	-	-2,117	-	-2,117
Proceeds from divestment of operations	-	7,505	-	7,505
Profit for the year	**-**	**6,875**	**-**	**6,875**

Notes to the financial statements

	GROUP		PARENT COMPANY	
Amounts in DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
32. Discontinued operations				
Discontinued operations affected the statement of cash flows as follows:				
Cash flow from operations	-	38,236	-	38,236
Cash flow from investments	-	-706	-	-706
Total	**-**	**37,530**	**-**	**37,530**

In the past financial year, Roblon had no activities relating to discontinued operations.

During the financial year 2017/18, the Group divested the greater part of the Roblon Engineering business segment effective at 23 February 2018.

Profit before tax from sale of discontinued operations in 2017/18 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.

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

Notes to the financial statements

Amounts in DKK'000	PARENT COMPANY 2018/19	2017/18

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 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.

Transactions with the subsidiary, Roblon US Inc.	2018/19	2017/18
Sale of goods to subsidiary	-	247
Purchase of goods from subsidiary	5,388	1,200
Management fee from subsidiary	5,332	2,193
Reinvoiced travel expenses, etc. from parent company	2,891	2,591
Reinvoiced travel expenses, etc. from subsidiary	1,437	-
Interest income from subsidiary	655	214
Amount owed by subsidiary	45,086	23,188

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, subsidiaries or other related parties.

Notes to the financial statements

	OWNERSHIP %		VOTING SHARE %	
	2019	2018	2019	2018
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

35. Events after the balance sheet date

No significant events have occurred after the balance sheet date of 31 October 2019 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 information

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.

The Group exercises control over a company if the Group is exposed to or has rights to variable returns from its involvement with the company and has the ability to affect those returns through the power over the company.

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.

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. 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.

INCOME STATEMENT

Revenue
Revenue from the sale of goods for resale and finished goods is recognised in profit/loss when control with the goods is obtained by the customer, typically upon delivery.

Notes to the financial statements

The terms of payment in the Group's sales agreements with customers depend on the product, the performance obligation and the underlying customer relationship. Typically, the terms of payment are current month plus 30-90 days.

The Group generally does not have any return obligations and only ordinary warranty obligations in connection with sale of goods.

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 development projects are recognised in other external costs, and in assets when relating to capitalisable development projects.

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. Development projects are capitalised if they meet the requirements defined in the accounting policy on intangible assets.

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).

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, sub-suppliers and labour. 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.

Notes to the financial statements

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. Indirect production costs 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 applying the expected credit loss model.

Marketable securities
Marketable securities 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 profit or 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)

EQUITY

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 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 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.

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.

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.

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

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

Notes to the financial statements

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 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 from operations per DKK 20 share	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

Roblon A/S

Nordhavnsvej 1
DK-9900 Frederikshavn
Denmark

Telephone: + 45 9620 3300
Email: info@roblon.com

roblon.com

Roblon
WITH EVERY FIBER