

Roblon downgrades guidance for 2019/20

Roblon

Interim report – H1 2019/20 (the period 1 November 2019 – 30 April 2020)

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

The Board of Directors of Roblon A/S has today considered and approved the interim report for H1 2019/20.

Highlights of the interim report of the Roblon Group:

- Order intake of DKKm 155.3 (DKKm 131.9). Both product groups, FOC and Composite, reported growth.
- Order book at 30 April 2020 of DKKm 48.8 (DKKm 70.8).
- As expected, revenue grew to DKKm 142.0 (DKKm 112.2).
- The gross margin increased to 56.1% (36.8%), mainly as a result of an improved product mix and due to the fact that the year-earlier period was adversely affected by loss of productivity and inventory write-downs on Servion-related activities.
- In H1 2019/20, Roblon recognised a settlement amount from Servion of DKKm 45.3 under other operating income.
- Operating profit (EBIT) was DKKm 51.2 (an operating loss of DKKm 37.0) and DKKm 6.2 excluding Servion (an operating loss of DKKm 11.6), which was below Management's guidance for the first half. The operating profit was adversely impacted by the earnings performance of the FOC product group, which was not satisfactory.
- Profit before tax was DKKm 50.8 (a loss of DKKm 35.0) and DKKm 6.1 excluding Servion (a loss of DKKm 9.4).
- A loss of DKKm 3.0 from discontinued operations was realised relating to a provision for loss on seller financing made in 2017 in connection with the sale of discontinued operations.
- Profit after tax for the period, including settlement from Servion, amounted to DKKm 36.6 (a loss of DKKm 27.3).
- Roblon's equity stood at DKKm 252.6 (DKKm 203.5) at 30 April 2020.

Guidance for full year 2019/20

Management assesses that the second half of 2019/20 will be adversely impacted by the current COVID-19 developments in North and South

America, two important markets for Roblon. Whether expected orders from Composite customers in these markets will be realised remains uncertain, and they are therefore no longer included in the basis of Management's full-year guidance for 2019/20. Furthermore, deliveries of essential machine parts for productivity improvements and capacity enhancements at Roblon's US factory have been delayed.

Based on revenue and profit performance for H1 2019/20 and the mentioned issues related to COVID-19, Management now expects revenue in the DKKm 250-270 range (DKKm 267.2; DKKm 241.8 ex. Servion), against the earlier guidance of DKKm 260-280, and a profit before tax of around DKKm 0-5; DKKm 45-50 including Servion (a loss of DKKm 19.7; a profit of DKKm 4.4 ex. Servion), against the earlier guidance of DKKm 20-25; DKKm 65-70 including Servion.

US COVID-19 loan

At the beginning of May 2020, Roblon obtained a loan from one of the COVID-19 aid packages provided by the US government. The loan, which is equivalent to approx. DKKm 5, will be classified as a forgivable loan, subject to certain criteria being met. One of these criteria is that the number of employees must be maintained. Whether the loan is eligible for forgiveness is expected to be determined before the end of the financial year.

Sale of head office

Roblon has initiated the prospective sale of the Group's head office in Frederikshavn. An agreement has been entered into with an external commercial real estate agent to explore the possibilities of selling the head office, which is listed at a cash price of DKKm 32.5.

After the sale, the Group's Danish activities will all be located at Roblon's facilities in Gærum, which currently house production and various administrative functions. Investments will have to be made in the Gærum facilities. However, as well as generating positive synergies in the day-to-day operations, this initiative is expected to have a positive impact

on Roblon's future results, liquidity and equity. The potential sale of Roblon's existing head office in Frederikshavn has not been factored into the profit guidance for 2019/20.

Roblon A/S

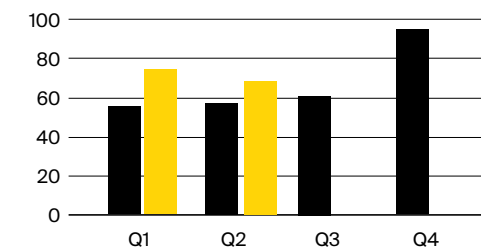
Jørgen Kjær Jacobsen
Chairman of the Board

Lars Østergaard
Managing Director and CEO

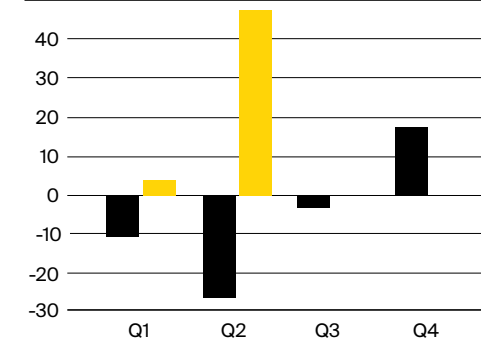
Enquiries regarding this announcement should be addressed to:

Managing Director and CEO Lars Østergaard, tel. +45 9620 3300

Quarterly revenue (DKKm)



Quarterly EBIT (DKKm)



■ 2018/19 ■ 2019/20

Financial highlights

for the Roblon Group

	Unit	Q2 2019/20 ¹	Q2 2018/19 ¹	Q1-Q2 2019/20 ¹	Q1-Q2 2018/19 ¹	FY 2018/19 ¹
Orders						
Order intake	DKKm	63.0	80.7	155.3	131.9	250.8
Order book	DKKm	48.8	70.8	48.8	70.8	35.8
Income statement						
Revenue	DKKm	68.3	57.2	142.0	112.2	267.2
Gross profit	DKKm	39.3	22.3	79.6	41.3	122.6
Operating profit/loss (EBIT)	DKKm	47.3	-26.3	51.2	-37.0	-22.4
Net financial items	DKKm	-1.2	1.8	-0.4	2.0	2.8
Profit/loss before tax from continuing operations	DKKm	46.1	-24.5	50.8	-35.0	-19.7
Profit/loss for the period from continuing operations	DKKm	35.2	-19.1	38.9	-27.3	-14.6
Profit/loss for the period from discontinued operations	DKKm	-2.3	-	-2.3	-	-
Profit/loss for the period	DKKm	32.9	-19.1	36.6	-27.3	-14.6
Balance sheet						
Cash and securities	DKKm	40.4	66.4	40.4	66.4	54.1
Assets	DKKm	313.3	238.8	313.3	238.8	271.6
Working capital	DKKm	133.8	57.5	133.8	57.5	87.2
Invested capital	DKKm	218.6	133.1	218.6	133.1	160.3
Equity	DKKm	252.6	203.5	252.6	203.5	216.0
Cash flows						
Cash flow from operating activities	DKKm	10.1	-21.6	9.3	-25.0	-35.8
Cash flow from investing activities	DKKm	-6.9	5.0	1.0	27.9	38.3
Of which investment in marketable securities	DKKm	-0.1	12.4	14.9	42.1	61.1
Of which investment in property plant and equipment	DKKm	-5.7	-4.7	-11.4	-8.0	-14.2
Cash flow from financing activities	DKKm	-0.4	-1.9	-7.6	-17.9	-11.2
Depreciation, amortisation and impairment, total	DKKm	-4.3	-11.5	-8.5	-14.3	-20.8
Cash flow for the period	DKKm	2.8	-18.5	2.7	-15.0	8.5

	Unit	Q2 2019/20 ¹	Q2 2018/19 ¹	Q1-Q2 2019/20 ¹	Q1-Q2 2018/19 ¹	FY 2018/19 ¹
Ratios						
Book-to-bill ratio	%	92.2	141.1	109.4	117.6	93.9
Revenue growth	%	19.4	28.3	26.6	3.4	20.5
Gross margin	%	57.5	39.0	56.1	36.8	45.9
EBIT margin	%	69.3	-46.0	36.1	-33.0	-8.4
EBIT margin (ex. Senvion)	%	3.4	-5.5	4.4	-13.4	0.6
ROIC/return on average invested capital ²	%	99.6	-81.3	54.3	-57.2	-15.4
ROIC/return on average invested capital ² (ex. Senvion)	%	4.9	-9.0	6.5	-17.9	1.0
Equity ratio	%	80.6	85.2	80.6	85.2	79.5
Return on equity ²	%	55.8	-33.6	31.0	-24.0	-6.3
Return on equity ² (ex. Senvion)	%	2.1	-1.2	4.4	-6.1	2.2
Working capital, % of revenue	%	195.9	100.5	94.2	51.2	32.6
Employment³						
Average no. of full-time employees	No.	182	162	182	129	171
Gross profit per full-time employee	DKKm	0.2	0.1	0.4	0.3	0.7
Per share ratios						
Earnings per DKK 20 share (EPS) ²	DKK	18.4	-10.7	20.6	-15.3	-8.2
Price/earnings ratio (PE)	DKK	9.1	-16.8	8.1	-11.8	-19.7
Cash flow from operations per DKK 20 share	DKK	5.6	-12.1	5.2	-14.0	-19.9
Book value of shares ²	DKK	141.8	113.8	141.8	113.8	121.0
Market price per share	DKK	167.0	180.0	167.0	180.0	161.0
Price/book value		1.2	1.6	1.2	1.6	1.3

¹ The interim report has not been audited or reviewed by the Company's auditors.

² The ratio is calculated on a full-year basis.

The ratios are defined in note 37 to the 2018/19 annual report, Financial ratio definitions and formulas.

Management's review

Matters of note

On 30 April 2020, the Company released a company announcement stating that Roblon and Servion had entered into a settlement agreement, under which the Group would receive USDm 6.6 (approx. DKKm 45).

The announcement also stated that the project contract between the parties was terminated with immediate effect, and no further claims thus exist between the parties.

The Group's profit before tax was positively affected by the settlement amount, which was recognised at DKKm 45.3 in H1 2019/20.

The group's profit for H1 2019/20 calculated excluding Servion showed revenue of DKKm 142.0 (DKKm 86.8). Profit before tax ex. Servion was DKKm 6.1 (a loss of DKKm 9.4).

In the period from the signing of the project contract with Servion in 2017/18 up to and including the realisation of the settlement agreement in April 2020, the Group realised a profit before tax of approx. DKKm 19 from the Servion project contract.

Consolidated income statement

The Roblon Group has the following two product groups:

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

In H1 2019/20, the Group's revenue performance was as expected, whereas the profit was below Management's expectations for the first half. Profit for the period was impacted by the earnings performance of the FOC product group, which was not satisfactory. As a result of the COVID-19 situation, essential technical equipment was not delivered on schedule, which meant that productivity-enhancing measures in the US subsidiary were not realised as expected.

The US FOC market is seeing strong demand. The Group has therefore initiated investment in a new production line. With the above-mentioned measures to upgrade production equipment, this will contribute to expanding overall productivity and capacity in the coming financial year.

Order intake

The Group's order intake amounted to DKKm 155.3 in H1 2019/20 (DKKm 131.9). The DKKm 23.4 (17.7%) improvement was distributed with DKKm 16.3 (12.3%) in the FOC product group and DKKm 7.1 (5.4%) in the Composite product group.

Revenue

For H1 2019/20, Roblon realised revenue of DKKm 142.0 (DKKm 112.2). The DKKm 29.8

(26.6%) improvement was distributed with DKKm 12.0 (10.7%) in the FOC product group and DKKm 17.8 (15.9%) in the Composite product group.

Generally, the effects of the COVID-19 pandemic on H1 revenue was relatively minor. The pandemic is expected to have an adverse impact on Roblon's market conditions in the second half of 2019/20, however.

The USD/DKK exchange rate development lifted reported revenue by DKKm 1.9 in H1 2019/20.

Gross profit and gross margin

The Group's gross profit amounted to DKKm 79.6 (DKKm 41.3). The gross margin for H1 2019/20 was 56.1% (36.8%). The improvement in H1 relative to the year-earlier period was mainly explained by an improved product mix and by the fact that last year was adversely affected by a loss of productivity and a DKKm 8.5 inventory write-down on Servion-related activities.

Other external costs

Other external costs were down DKKm 3.6 to DKKm 22.6 (DKKm 26.2) on the year-earlier period. The reduction was attributable to the elimination of costs relating to an external service partner in the USA in 2018/19 and reduced travel and trade show activity in the first half of 2019/20. All previous agreements with an external service partner on operating and production assistance in the USA were cancelled at the beginning of the 2019/20 financial year, at which time Roblon US entered into an agreement to expand its lease to

support the growth plans. The subsidiary now has the disposal of the entire 13,000 sqm. building in Granite Falls, Hickory.

Staff costs

Staff costs amounted to DKKm 44.7 (DKKm 41.7), and the DKKm 3.0 increase was primarily due to recruitment of production staff. Effective as of 6 November 2019, the Group took over an additional 16 employees at the US factory.

Roblon incurred approx. DKKm 1 in extra costs related to COVID-19 in H1 2019/20. The costs were due to an increase in absence during the lockdown in Denmark and the USA and stricter controls to prevent employees displaying symptoms of the virus from coming to work in the early stages of the COVID-19 pandemic.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment amounted to DKKm 8.5 (DKKm 14.3). The lower year-on-year figure was explained by a DKKm 8.5 write-down of intangible assets related to Servion in 2018/19. Adjusted for the Servion-related write-down, depreciation and amortisation increased by DKKm 2.7. The increase was due to increased investments and the implementation of IFRS 16, which meant a DKKm 1.1 increase in depreciation of right-of-use assets.

Operating profit/loss (EBIT)

Operating profit (EBIT) for H1 2019/20 was DKKm 5.9 (an operating loss of DKKm 37.0). Including

the Servion settlement, EBIT was DKKm 51.2.

Net financial items

The Group's net financial items for the first half was a net expense of DKKm 0.4 (net income of DKKm 2.0). The DKKm 2.4 decline was due to an adverse development in returns on securities, partially offset by a positive foreign exchange development on loans to the US subsidiary.

Profit/loss before tax

Profit before tax for H1 2019/20 amounted to DKKm 50.8 (a loss of DKKm 35.0), of which the Servion settlement amounted to DKKm 45.3. The table below illustrates EBIT and profit before tax on Servion-related activities and adjusted for legal and financing costs.

Profit/loss from discontinued operations

Roblon realised a loss from discontinued operations after tax of DKKm 2.3 (DKKm 0) relating to

a provision for loss on seller financing made in 2017 in connection with the sale of discontinued operations.

Profit/loss after tax

Profit after tax was DKKm 36.6 (a loss of DKKm 27.3). Tax is calculated at a rate of 23.5% of profit for the year before tax.

Excluding the Servion settlement, the USD/DKK exchange rate development adversely affected consolidated profit after tax for H1 2019/20 by DKKm 0.2.

Consolidated balance sheet

The Group's total assets amounted to DKKm 313.6 (DKKm 238.8).

IFRS 16 was implemented at the beginning of 2019/20 using the modified retrospective method without restatement of comparative figures.

The recognition of right-of-use assets and lease liabilities at the beginning of the 2019/20 financial year increased total assets by DKKm 14.9.

Total investment in intangible assets for H1 2019/20 amounted to DKKm 2.5 (DKKm 6.2). Investments in property, plant and equipment increased to DKKm 11.4 (DKKm 8.0) in H1 2019/20.

The investment in Roblon US was tested for impairment, which did not give rise to any write-down.

Inventories amounted to DKKm 71.2 (DKKm 38.0) at 30 April 2020. The increase was mainly attributable to larger inventories of critical raw materials. The overall inventory level is expected to be reduced during the course of 2020, and initiatives are under way in support of this.

The Group's equity at 30 April 2020 amounted to DKKm 252.6 (DKKm 203.5). Equity was consolidated in the first half with the payment of the Servion settlement, which at 30 April was recognised in the item "Other receivables". Payment of the settlement amount was received in early May 2020. The equity ratio at 30 April 2020 was 80.6% (85.2%). The recognition of right-of-use assets in the balance sheet in accordance with IFRS 16 reduced the equity ratio at 30 April 2020 by 4.0 percentage points.

At the beginning of May 2020, the Group obtained a loan from one of the COVID-19 aid pack-

ages provided by the US government to support businesses in the USA. The loan, amounting to approx. DKKm 5, will be classified as a forgivable loan, subject to certain criteria being met. One of these criteria is that the number of employees must be maintained. Whether the loan is eligible for forgiveness is expected to be determined before the end of the financial year.

Consolidated cash flows

The Group's net cash flow from operating activities in H1 2019/20 was an inflow of DKKm 9.3 (an outflow of DKKm 25.0).

Total cash flow from investing activities was an inflow of DKKm 1.0 (an inflow of DKKm 27.9). Securities were sold in H1 2019/20 and last year, contributing to a positive cash flow from investing activities.

Cash outflow from financing activities was DKKm 7.6 (an outflow of DKKm 17.9).

Capital resources

At 30 April 2020, marketable securities and net cash amounted to DKKm 40.4 (DKKm 69.9). In addition to this, Roblon has an undrawn credit facility of DKKm 10.0 with the Group's bankers. The Group's capital resources increased by DKKm 50.3 at the beginning of May with the receipt of the Servion settlement and the COVID-19 loan raised in the USA.

Results, Roblon Group (continuing operations) ex. Servion

DKKm	Roblon Group		Servion share		Results ex. Servion	
	H1 2019/20	H1 2018/19	H1 2019/20	H1 2018/19	H1 2019/20	H1 2018/19
Revenue	142.0	112.2	-	25.4	142.0	86.8
EBITDA	59.7	-22.7	45.0	-16.0	14.7	-6.7
EBIT	51.2	-37.0	45.0	-25.4	6.2	-11.6
Profit/loss before tax	50.8	-35.0	44.7	-25.6	6.1	-9.4

Outlook for 2019/20

Management assesses that the second half of 2019/20 will be adversely impacted by the current COVID-19 developments in North and South America, two important markets for Roblon. Whether expected orders from Composite customers in these markets will be realised remains uncertain, and they are therefore no longer included in the basis of Management's full-year guidance for 2019/20. Furthermore, deliveries of essential machine parts for productivity improvements and capacity enhancements at Roblon's US factory have been delayed.

Based on revenue and profit performance for H1 2019/20 and the mentioned issues related to COVID-19, Management now expects revenue in the DKKm 250-270 range (DKKm 267.2; DKKm 241.8 ex. Servion), against the earlier guidance of DKKm 260-280, and a profit before tax of around DKKm 0-5; DKKm 45-50 including Servion (a loss of DKKm 19.7; a profit of DKKm 4.4 ex. Servion), against the earlier guidance of DKKm 20-25; DKKm 65-70 including Servion.

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Sale of head office

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After the sale, the Group's Danish activities will all be located at Roblon's facilities in Gærum, which currently house production and various administrative functions. Investments will have to be made in the Gærum facilities. However, as well as generating positive synergies in the day-to-day operations, this initiative is expected to have a positive impact on Roblon's future results, liquidity and equity. The potential sale of Roblon's existing head office in Frederikshavn has not been factored into the profit guidance for 2019/20.

Forward-looking statements

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

Roblon's sales are characterised by a structure

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

Financial calendar

17/9 2020:	Interim report for Q3 2019/20
22/12 2020:	Preliminary statement 2019/20
28/1 2021:	Annual general meeting

Announcements – NASDAQ Copenhagen

During the period 1 November 2019 to 24 June 2020, the Company sent the following announcements to NASDAQ Copenhagen; these can be found on the Company's website, www.roblon.com.

No. 11/2019:	Preliminary Statement 2018/19
No. 12/2019:	Notice convening AGM
No. 13/2019:	Leading employees' transactions
No. 14/2019:	Leading employees' transactions
No. 15/2019:	Leading employees' transactions
No. 1/2020:	Leading employees' transactions
No. 2/2020:	Decisions of the Annual General Meeting
No. 3/2020:	Interim report for Q1 2019/20
No. 4/2020:	Conditional settlement agreement with Servion
No. 5/2020:	Conditional settlement agreement with Servion realised

Statement by the Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Roblon A/S for the first six months of the 2019/20 financial year (the period 1 November 2019 to 30 April 2020).

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

It is our opinion that the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position as of 30 April 2020 and of the results of the Group's operations and cash flows for the first six months of the 2019/20 financial year.

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

Frederikshavn, 24 June 2020

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

Consolidated income statement

for the period 1 November 2019 to 30 April 2020

DKKm	Note	Q2 2019/20	Q2 2018/19	Q1-Q2 2019/20	Q1-Q2 2018/19	FY 2018/19
Revenue	4	68.3	57.2	142.0	112.2	267.2
Cost of sales		-29.0	-34.9	-62.4	-70.9	-144.6
Gross profit		39.3	22.3	79.6	41.3	122.6
Work carried out for own account and capitalised		0.6	1.3	1.3	2.7	4.1
Other operating income		45.7	0.5	46.1	1.2	1.5
Other external costs		-11.0	-16.0	-22.6	-26.2	-42.8
Staff costs		-23.0	-22.9	-44.7	-41.7	-87.0
Depreciation, amortisation and impairment		-4.3	-11.5	-8.5	-14.3	-20.8
Operating profit/loss (EBIT)		47.3	-26.3	51.2	-37.0	-22.4
Net financial items		-1.2	1.8	-0.4	2.0	2.8
Profit/loss before tax (PBT)		46.1	-24.5	50.8	-35.0	-19.6
Tax on profit/loss for the period		-10.9	5.4	-11.9	7.7	5.0
Profit/loss for the period from continuing operations		35.2	-19.1	38.9	-27.3	-14.6
Profit/loss for the period from discontinued operations	5	-2.3	-	-2.3	-	-
Profit/loss for the period		32.9	-19.1	36.6	-27.3	-14.6
Earnings per share (DKK)						
Earnings per share (EPS), continuing operations		18.4	-10.7	20.6	-15.3	-8.2
Earnings per share, diluted (EPS-D), continuing operations		18.4	-10.7	20.6	-15.3	-8.2

Consolidated statement of comprehensive income

for the period 1 November 2019 to 30 April 2020

DKKm	Note	Q2 2019/20	Q2 2018/19	Q1-Q2 2019/20	Q1-Q2 2018/19	FY 2018/19
Profit/loss for the period		32.9	-19.1	36.6	-27.3	-14.6
<i>Items that may be recycled to profit or loss:</i>						
Fair value adjustment of available-for-sale financial assets		-	0.2	-	0.4	-
Foreign exchange adjustment of foreign subsidiaries		-	0.5	-	-	0.1
Tax on other comprehensive income		-	-0.1	-	-0.1	-
Comprehensive income		32.9	-18.5	36.6	-27.0	-14.5

Balance sheet

at 30 April 2020

DKKkm	Note	30/04/2020	30/04/2019	31/10/2019
ASSETS				
Completed development projects		0.6	0.6	0.9
Development projects in progress		9.8	5.5	7.3
Trademarks, licenses and customer relations		7.0	7.8	7.4
Other intangible assets		8.1	10.2	9.1
Intangible assets		25.5	24.1	24.7
Land and buildings		20.8	21.6	21.2
Plant and machinery		26.7	22.3	25.8
Other fixtures and fittings, tools and equipment		1.3	1.1	1.3
Right-of-use assets		14.1	-	-
Property, plant and equipment in progress		10.3	6.3	4.5
Property, plant and equipment		73.2	51.3	52.8
Financial assets		0.2	-	11.3
Total non-current assets		98.9	75.4	88.8
Inventories		71.2	38.0	55.8
Trade receivables		54.6	40.3	69.4
Current receivable regarding sale of discontinued operation		-	-	0.7
Corporation tax receivable		-	8.8	-
Other receivables		48.2	6.4	2.8
Securities		34.8	69.9	51.1
Cash and cash equivalents		5.6	-	3.0
Total current assets		214.4	163.4	182.8
TOTAL ASSETS		313.3	238.8	271.6

DKKkm	Note	30/04/2020	30/04/2019	31/10/2019
EQUITY AND LIABILITIES				
Share capital		35.8	35.8	35.8
Other reserves		-1.5	-1.4	-1.5
Retained earnings		218.3	169.1	181.7
Equity		252.6	203.5	216.0
Deferred tax		5.8	4.6	5.9
Lease liabilities		11.7	-	-
Total non-current liabilities		17.5	4.6	5.9
Operating credit		-	3.5	6.7
Other provisions		0.2	0.6	0.1
Short-term lease liabilities		2.5	-	-
Advance payments from customers		1.8	1.4	2.8
Trade payables		26.7	16.8	28.7
Income tax		0.5	-	1.5
Other payables		11.5	8.4	9.9
Total current liabilities		43.2	30.7	49.7
Total liabilities		60.7	35.3	55.6
TOTAL EQUITY AND LIABILITIES		313.3	238.8	271.6

Consolidated statement of changes in equity

DKK M	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
H1 2019/20						
Equity at 01/11/2019	35.8	-1.5	-	181.7	-	216.0
Comprehensive income for the period						
Profit/loss for the period	-	-	-	36.6	-	36.6
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	36.6	-	36.6
Equity at 30/04/2020	35.8	-1.5	-	218.3	-	252.6
H1 2018/19						
Equity at 1 November 2018	35.8	-1.6	-0.1	196.4	17.9	248.4
Comprehensive income for the period						
Profit/loss for the period	-	-	-	-27.3	-	-27.3
Other comprehensive income	-	-	0.3	-	-	0.3
Total comprehensive income for the period	-	-	0.3	-27.3	-	27.0
Transactions with owners						
Dividends paid	-	-	-	-	-17.9	-17.9
Equity at 30/04/2019	35.8	-1.6	0.2	169.1	-	203.5

DKK M	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
2018/19						
Equity at 1 November 2018	35.8	-1.6	-	196.3	17.9	248.4
Comprehensive income for the period						
Profit/loss for the period	-	-	-	-14.6	-	-14.6
Other comprehensive income	-	0.1	-	-	-	0.1
Total comprehensive income for the period	-	0.1	-	-14.6	-	-14.5
Transactions with owners						
Dividends paid	-	-	-	-	-17.9	-17.9
Equity at 31/10/2019	35.8	-1.5	-	181.7	-	216.0

Statement of cash flows

for the period 1 November 2019 – 30 April 2020

DKKkm	Spec.	Q2 2019/20	Q2 2018/19	Q1-Q2 2019/20	Q1-Q2 2018/19	FY 2018/19
Operating profit/loss (EBIT) from continuing operations		47.3	-10.7	51.4	-37.0	-22.4
Operating profit/loss (EBIT) from discontinued operations		-3.0	-	-3.0	-	-
Operating profit/loss (EBIT)		44.3	-26.3	48.4	-37.0	-22.4
Adjustment for non-cash items	A	3.9	21.4	7.6	24.4	20.2
Change in working capital	B	-37.5	-16.4	-44.5	-12.0	-33.4
Cash generated from operations		10.7	-21.3	11.5	-24.6	-35.6
Financial income received		0.8	1.3	2.0	1.2	1.7
Financial expenses paid		-0.2	-0.1	-0.9	-0.1	-0.1
Income tax paid		-1.2	-1.5	-3.3	-1.5	-3.5
Income tax received		-	-	-	-	1.9
Cash flow from operating activities		10.1	-21.6	9.3	-25.0	-35.6
Purchase of intangible assets		-1.1	-2.7	-2.5	-6.2	-8.6
Purchase of property, plant and equipment		-5.7	-4.7	-11.7	-8.0	-14.2
Sale of property, plant and equipment		-	-	0.3	-	-
Purchase of securities		-0.6	-0.9	-1.3	-3.3	-3.9
Sale of securities		0.5	13.3	16.2	45.4	65.0
Cash flow from investing activities		-6.9	5.0	1.0	27.9	38.3
Operating credits used		-	-	-6.7	-	6.7
Repayment of lease liability		-0.4	-	-0.9	-	-
Dividends paid		-	-1.9	-	-17.9	-17.9
Cash flow from financing activities		-0.4	-1.9	-7.6	-17.9	-11.2
Change in cash and cash equivalents		2.8	-18.5	2.7	-15.0	-8.5
Cash and cash equivalents at beginning of period		2.8	15.0	3.0	11.5	11.5
Value adjustment of cash and cash equivalents		-	-	-0.1	-	-
Cash and cash equivalents at end of period		5.6	-3.5	5.6	-3.5	3.0

DKKkm	Q2 2019/20	Q2 2018/19	Q1-Q2 2019/20	Q1-Q2 2018/19	FY 2018/19
Spec. A: Adjustments for non-cash items					
Depreciation and amortisation	4.3	11.5	8.4	14.3	20.8
Provisions	-	-0.1	-0.1	0.1	-0.3
Foreign exchange adjustment	-0.4	-0.1	-0.7	-0.1	-0.3
Transfers regarding write-off of inventories and receivables relating to Servion	-	10.1	-	10.1	-
	3.9	21.4	7.6	24.4	20.2
Spec. B: Change in working capital					
Change in inventories	-11.5	7.6	-15.3	3.5	-14.4
Change in receivables	-35.0	-7.2	-27.5	5.0	-23.5
Change in current liabilities	9.0	-6.7	-1.7	-10.4	4.5
Transfers to adjustments for non-cash items regarding write-off of inventories and receivables relating to Servion	-	-10.1	-	-10.1	-
	-37.5	-16.4	-44.5	-12.0	-33.4

Notes to the financial statements

1. Accounting policies
2. Estimates
3. Seasonality
4. Segment information
5. Discontinued operations

Note 1 – Accounting policies

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

The accounting policies have been changed following the implementation of IFRS 16. As described in note 1 to the financial statements in Annual Report 2018/19, Roblon implemented IFRS 16 Leases in Q1 2019/20. Under the standard, all leases, regardless of type – with a few exceptions – must be recognised in the lessee’s balance sheet as a right-of-use asset with a corresponding lease liability. The lessee recognises depreciation of the right-of-use asset over the lease term and accrual of interest on the lease liability in the income statement.

On implementation, Roblon applied the modified retrospective method without restatement of comparative figures.

In December 2019, the subsidiary, Roblon US Ltd., entered into a lease for additional production facilities. With the implementation of IFRS 16, this expansion was recognised in the balance sheet at DKKm 14.9, against the DKKm 3.4 stated in the annual report, which was based on existing leases in force at 31 October 2019

The implementation reduced the profit for H1 2019/20 by DKKm 0.3. Assets and liabilities were increased by DKKm 14.9 at the beginning of the 2019/20 financial year.

Except for the changes set out above, the accounting policies applied in the interim report are consistent with those applied in Roblon’s annual report for 2018/19, which was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. For a more detailed description of the accounting policies, see the annual report for 2018/19.

Note 2 – Estimates

The preparation of interim reports requires Management to make accounting estimates that will affect the accounting policies and recognised assets, liabilities, income and costs. Actual results may differ from these estimates.

The most significant estimates made by Management in applying the Group’s accounting policies and the most significant uncertainties associated therewith in preparing the condensed interim report are identical to those applying to the preparation of the annual report for 2018/19.

Note 3 – Seasonality

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

Note 4 – Revenue

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

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

DKKm	Q2 2019/20	Q2 2018/19	Q1-Q2 2019/20	Q1-Q2 2018/19	FY 2018/19
4. Revenue (continued)					
Revenue from external customers:					
By product groups					
FOC	40.9	36.9	77.6	65.6	147.8
Composite	27.4	20.3	64.4	46.6	119.4
Total	68.3	57.2	142.0	112.2	267.2
By geographical markets					
Denmark	1.7	1.4	2.7	1.9	3.4
United Kingdom	14.8	9.3	23.1	14.5	29.5
Portugal	-	4.2	-	25.9	-
Rest of Europe	18.1	15.2	29.9	24.9	88.8
Asia	5.3	6.7	9.6	9.6	23.5
Brazil	1.8	3.8	25.1	3.9	49.6
Latin America	6.3	4.8	10.9	9.1	16.4
USA	20.2	11.8	40.6	22.4	56.0
Total	68.3	57.2	142.0	112.2	267.2

Of the Group’s non-current assets, DKKm 62.8 (DKKm 56.5) were located in Denmark and DKKm 36.5 (DKKm 18.9) in the USA.

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

Of the Group’s total revenue at the end of H1 2019/20, DKKm 61.0 related to three major customers. Revenue from each of these customers thus account for more than 10% of the Group’s total revenue. In H1 2018/19, revenue from one customer (DKKm 25.9) accounted for more than 10% of the Group’s total revenue.

Note 5 – Discontinued operations

DKKm	Q2 2019/20	Q2 2018/19	Q1-Q2 2019/20	Q1-Q2 2018/19	FY 2018/19
Consolidated income statement					
Other external costs	-3.0	-	-3.0	-	-
Operating profit/loss	-3.0	-	-3.0	-	-
Tax on profit/loss for the year	0.7	-	0.7	-	-
Operating profit/loss after tax	-2.3	-	-2.3	-	-
Profit/loss for the period	-2.3	-	-2.3	-	-

As part of the agreement to sell Roblon Lighting on 30 April 2017, the Group provided a loan of DKKm 2.6. Due to elevated repayment risk, Roblon has made a DKKm 3.0 loss provision for the full amount of the loan, including accrued interest.