Roblon

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Annual report

2022/23

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01 Overview

Highlights

Roblon's 2022/23 performance was strongly affected by a market slow-down in the fibre optic cable industry, resulting in revenue of DKKm 350.1 and an operating loss before special items (EBIT) of DKKm 16.0.

Selected financial highlights

- Order intake of DKKm 308.7 (DKKm 415.4)
- Revenue of DKKm 350.1 (DKKm 380.9)
- Gross profit of DKKm 169.3 (DKKm 181.2) and a gross margin of 48.4% (47.6%)
- Operating profit before depreciation, amortisation and impairment and before special items (EBITDA) of DKKm 10.9 (DKKm 23.4)
- Operating loss before special items (EBIT) of DKKm 16.0 (a loss of DKKm 3.8)
- EBIT margin negative at 4.6% (negative at 1.0%)
- Special items of DKKm 17.9, consisting of the accounting profit from the sale of the Frederikshavn head office (a negative DKKm 6.8 re. acquisition of Czech company)
- Loss before tax of DKKm 3.2 (a loss of DKKm 1.4)
- Return on invested capital (ROIC) before tax negative at 8.4% (negative at 2.0%)
- Earnings per B share negative at DKK 2.6 (negative at DKK 1.3)
- Net cash inflow from operations for the period of DKKm 17.8 (an outflow of DKKm 27.0)
- Net cash outflow from investment in property, plant and equipment and intangible assets of DKKm 21.9 (an outflow of DKKm 21.6). This related to investments in production equipment upgrades in the two subsidiaries to improve production capacity and profitability and a new production line in the parent company for products to be used in the energy transmission business. The outflow also related to the refurbishment of the Group's Gærum facilities following the sale of Roblon's former head office in Frederikshavn
- Net cash inflow for the year of DKKm 21.4 (DKKm 8.3), positively affected by an amount of DKKm 27.0 from the sale of the head office
- Equity of DKKm 209.6 (DKKm 218.8)

Highlights

Following a number of years of growth, the FOC market has been slowing down since the end of 2022, and the downward trend has escalated since the spring of 2023. The geographical regions hardest hit by this global market downturn are the two largest, China and the USA, although Europe has been affected, too. This unexpected downturn in the FOC market severely impacted the Group's realised revenue and earnings for 2022/23.

In 2022/23, Roblon sold its head office building in Frederikshavn at a cash-based price of DKKm 27.0, and the Company's Danish employees are now all located at the facilities in Gærum, Frederikshavn.

- Roblon's revenue was down by 8.1% to DKKm 350.1 for the year (DKKm 380.9). The DKKm 30.8 net decline covered a DKKm 79.7 decline in the FOC product group and a DKKm 48.9 improvement in the Composite product group.
- The FOC product group generated revenue of DKKm 192.5 (DKKm 272.2). The decline was caused by the above-mentioned global market downturn.
- The Composite product group generated revenue of DKKm 157.6 (DKKm 108.7), and the DKKm 48.9 improvement was attributable to a strong increase in the Group's deliveries to the offshore oil and gas industry compared with the level realised in 2021/22. The improvement was in line with Management's expectations expressed at the beginning of the financial year.
- For a part of the 2022/23 financial year, the gross profit and gross margin were adversely affected by elevated costs of raw materials, components, freight and energy, which Roblon was not able to fully pass on to customers by adjusting sales prices. Furthermore, production was hampered by complications related to the ramp-up of new production lines, which affected productivity and cost of sales. Conversely, the gross margin benefitted from a favourable product mix.
- Working capital at 31 October 2023 was DKKm 141.1 (DKKm 155.9), equalling 40.3% (40.9%) of revenue for the year. The DKKm 14.8 reduction of working capital was mainly due to a reduction of the Group's inventories.

Based on the reported loss for the year 2022/23, the Board of Directors proposes to the shareholders in general meeting that no dividend be distributed.

Guidance for 2023/24

In the **Composite product group**, Management forecasts an improvement of revenue compared with the level realised in 2022/23:

- For the Energy business (offshore oil and gas extraction), Management forecasts revenue in line with the level realised in 2022/23. According to customers as well as business intelligence provided by Rystad Energy[1], the level of activity in this area is expected to remain high and to increase over the coming three to six years.

DKKm 370

Revenue guidance for 2023/24

DKKm 0

EBIT guidance for 2023/24

[1] Rystad Energy is an independent research and business intelligence company providing analyses of various industries. For more information, go to https://www.rystadenergy.com/.

- In Energy Transmission (wind power and electrification and green transition via submarine cables), Roblon has intensified its product development in recent years. In 2019/20, Roblon supplied strength members for the first major submarine energy cable project. Since then, other new products for similar applications have been developed in close collaboration with customers, and the market potential is considered to be strong and is expected to grow significantly in the coming years. Towards the end of the 2022/23 financial year, Roblon received new orders for strength members for submarine cables to be supplied in the period until the spring of 2024, and efforts are underway to secure new orders for additional known projects in 2024 and beyond. This is expected to contribute to a continued improved performance in the Composite product group.

In the **FOC product group**, Roblon supplies products to the fibre optic cable industry, in which the demand for fibre optic cables is in part driven by the ever growing demand from users for faster data transfer, mobility and data network access. Future growth in this area is thus expected to be driven by the roll-out of infrastructure supporting expanding telecommunications, including 5G.

As part of a major infrastructure plan, the US government has provided USDbn 42.5 in funding for accelerated roll-out of telecommunications (broadband) in the USA (BEAD[2]). CRU[3] expects to see the launch of more BEAD projects in the first half of 2024, and these government stimulus projects will be subject to the Build America, Buy America (BABA) Act[4]. Roblon is one of three major US manufacturers of fibre optic cable components. BEAD and BABA are expected to boost the Group's growth potential in the coming years.

CRU expects the US market to normalise at the 2022 level in 2024, followed by an annual growth ratio (CAGR) in the level of 10-11% in the period to 2028. However, Management has decided to wait for the growth in demand to materialise, and for now has decided to base the guidance for 2023/24 on an unchanged, low revenue level and consequently a lower earnings level.

Revenue and earnings guidance for 2023/24:

- Revenue of around DKKm 370 (DKKm 350.1)
- Operating profit before depreciation, amortisation and impairment and before special items (EBITDA) of around DKKm 25 (DKKm 10.9)
- Operating profit before special items (EBIT) of around DKKm 0 (a loss of DKKm 16)

The guidance for the year is subject to significant uncertainty, mainly related to market conditions in the fibre optic cable industry.

2 https://broadbandusa.ntia.doc.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.
3 CRU analyses various industries, including the FOC industry, and provides business intelligence. For more information, go to https://www.crugroup.com/.
4 whttps://www.epa.gov/cwsrf/build-america-buy-america-baba. Ensures a preference for buying from US manufacturers for federal financial assistance infrastructure projects.

Financial highlights and ratios

for the Group

	Unit	2022/23	2021/22	2020/21	2019/20	2018/19
Orders						
Order intake	DKKm	308.7	415.4	301.7	242.4	250.8
Order book	DKKm	71.3	111.8	79.7	24.8	35.8
Income statement						
Revenue	DKKm	350.1	380.9	249.9	254.6	267.2
Gross profit	DKKm	169.3	181.2	116.7	131.1	122.6
Operating profit/loss before depreciation, amortisation and impairment and before special items (EBITDA)	DKKm	10.9	23.4	-12.6	53.7	-1.7
Operating profit/loss (EBIT) before special items	DKKm	-16.0	-3.8	-32.9	35.8	-22.4
Net special items	DKKm	17.9	-6.8	-	-	-
Operating profit/loss (EBIT) after special items	DKKm	1.9	-10.6	-32.9	35.8	-22.4
Net financial items	DKKm	-5.0	9.3	3.6	-	2.8
Profit/loss before tax	DKKm	-3.2	-1.4	-29.3	35.8	-19.7
Profit/loss for the year	DKKm	-4.6	-1.8	-20.8	24.0	-14.6
Consolidated balance sheet						
Cash and securities	DKKm	33.2	11.9	45.7	83.4	54.1
Assets	DKKm	368.1	373.1	279.8	284.5	271.6
Working capital	DKKm	141.1	155.9	100.2	73.7	87.2
Share capital	DKKm	35.8	35.8	35.8	35.8	35.8
Invested capital	DKKm	174.1	206.5	167.5	159.5	160.3
Equity	DKKm	209.6	218.8	217.3	238.2	216.0
Cash flows						
Cash flow from operating activities	DKKm	17.8	-27.0	-42.3	65.6	-35.6
Cash flow from investing activities	DKKm	5.5	-25.2	21.8	-51.7	38.3
Of which investment in marketable securities	DKKm	-	42.3	36.9	-25.1	61.1
Of which investment in property plant and equipment	DKKm	6.2	-17.9	-11.1	-23.2	-14.2
Cash flow from financing activities	DKKm	-1.9	60.5	16.9	-9.3	-11.2
Depreciation, amortisation and impairment, total	DKKm	-26.9	-27.2	-20.3	-17.9	-20.8
Cash flow for the year	DKKm	21.4	8.3	-3.6	4.6	-8.5

	Unit	2022/23	2021/22	2020/21	2019/20	2018/19
Ratios						
Book-to-bill ratio	%	88.2	109.1	120.7	95.2	93.9
Revenue growth	%	-8.1	52.4	-1.8	-4.7	20.4
Gross margin	%	48.4	47.6	46.7	51.5	45.9
EBIT margin	%	-4.6	-1.0	-13.2	14.1	-8.4
ROIC/return on average invested capital	%	-8.4	-2.0	-20.1	22.4	-15.4
Equity ratio	%	57.0	58.7	77.7	83.7	79.5
Return on equity	%	-2.2	-0.8	-9.1	10.6	-6.3
Working capital, % of revenue	%	40.3	40.9	40.1	29.0	32.6
Employees						
Average no. of full-time employees	No.	271	279	191	193	171
Gross profit per full-time employee	DKKm	0.6	0.6	0.6	0.7	0.7
Per share ratios						
Earnings per DKK 20 share (EPS)	DKK	-2.6	-1.3	-11.6	14.8	-8.2
Price/earnings ratio (PE)	DKK	-38.7	-108.5	-13.1	11.9	-19.6
Cash flow from operations per DKK 20 share	DKK	9.9	-15.1	-23.7	36.7	-19.9
Book value of shares	DKK	117.2	122.4	121.5	133.2	120.8
Quoted year-end market price	DKK	99.8	141.0	152.0	176.5	161.0
Price/book value		0.9	1.2	1.3	1.3	1.3

The stated per share ratios relate to B shares.

See Note 33 to the financial statements for financial ratio definitions and formulas.

Roblon at a glance

Over the past six decades, Roblon has amassed a wealth of knowledge about the use, development, production and sale of high-performance fibre solutions and related technologies.

→ roblon.com

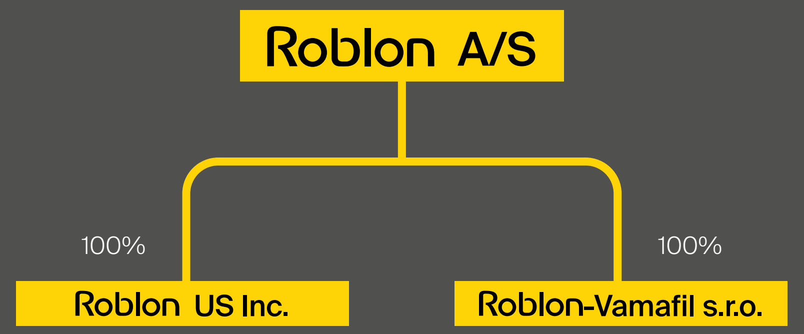
Over the years, the Group has established itself as a strong and recognised brand and has developed the business from producing rope and rope-making equipment to now being fully focused on fibre-based reinforcement and strength element solutions that form part of end products in the telecommunications, offshore oil & gas and energy transmission industries (wind energy, electrification and green transition via submarine cables) as well as other industries.

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

Roblon has its head office and production facilities in Gærum (Denmark) as well as production entities in Hickory, North Carolina (USA) and Žďár nad Sázavou (Czech Republic).

Roblon A/S has a branch in the Netherlands, whose employees provide procurement, sales and business development services.

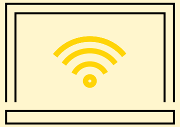
Group chart



02 Business

Business scope

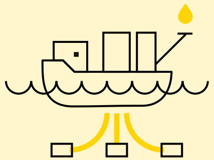
Highly processed synthetic fibres are a key element of Roblon's business and the cornerstone of the Group's development through its long history. Roblon possesses extensive specialist knowledge about the properties and processing of fibres, and Roblon uses this know-how to manufacture advanced and customised products for our customers. Roblon's business activities include the development, production and sale of coated and extruded fibre solutions used as reinforcement elements, primarily for the telecommunications and energy sectors, both of which are expected to enjoy global growth in the future.

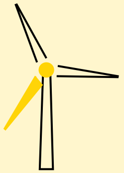


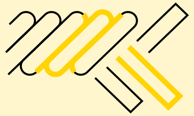
Telecommunications – fibre optic cable industry

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

Roblon processes synthetic fibres used as strength members in finished fibre optic cables, connecting data networks globally. Roblon adds value to the reinforcement fibres, primarily made of fibreglass, aramid or polyester, by applying a functional coating to them. Roblon is continually developing new products, production technologies and processes. Roblon's products add strength and protection to fibre optic cables against installation damage, moisture, rodent damage and the like. The Group supplies a wide range of the components used in the design of the cable, depending on its required durability and function.







Energy, offshore oil & gas, wind and energy transmission[5] (subsea) and other industry

For many years, the Group has been a supplier of various types of fibre-reinforced strength members such as tapes and straps used in the offshore oil and gas industry. 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.

In recent years, Roblon has established itself in a new area of application, supplying composite-based strength members for use in reinforcement of submarine cables for energy and data transmission. The Group's products are used in energy transmission (wind power, electrification and green transition via submarine cables), and Roblon has in recent years intensified its product development in this area. The Group also provides a number of industries with services related to the treatment and processing of high-performance fibres.

The Group's products are made to order to the customer's exact specifications.

Roblon is a supplier to industries with stringent quality, environmental and documentation requirements, and this is supported by the Group's ISO 9001 and 14001 certifications.

Roblon's core business comprises the development, production and sale of products with high strength, low weight and durability. Another key element to Roblon is sustainability - from a financial as well as a climate and enviromental perspective.

5 Wind power, electrification and green transition via submarine cables

Business model

Roblon is a global company aiming to be the preferred supplier of high-performance fibre solutions to selected customers.

Roblon develops, produces and sells fibre-based strength member materials for reinforcement purposes in industries such as telecommunications and the energy sector. The Group's products generally make up a significant part of the customers' end-products. Roblon's products are developed in close collaboration with the Group's key customers and meet the customers' strict quality, durability and safety requirements.

The model on this page illustrates the Roblon Group's value chain. The Group's suppliers and customers are primarily large global players.

Resources

Employees
281 employees with specific industry/professional experience and values focused on innovation and quality

Technology and process know-how
+65 years of experience in refining high-performance fibres and developing technology and production equipment and process know-how

Knowledge network
Value-adding partnerships with universities and key suppliers on ensuring innovation and competitiveness

Core business

High-performance fibre solutions

1. Raw materials

Aramid / Fibreglass / Polyester / Carbon fibre

2. Processing

Coating › Drying › Extrusion › Winding

3. Documentation and transportation

Testing › Certificates › Transportation

Customer segments

Fibre Optic Cables
Roblon offers a wide range of products to manufacturers of fibre optic telecommunication cables

Offshore Oil & Gas
Roblon's coated fibre products, including tapes, straps and ropes are used in connection with offshore exploration and production of oil and gas

Energy
Energy sector customers are increasingly replacing traditional steel reinforcement with fibre solutions

Wire & Cables
Roblon provides twisting services to a number of customers

Value creation

Roblon aims to be the preferred business partner and to create lasting value for our stakeholders

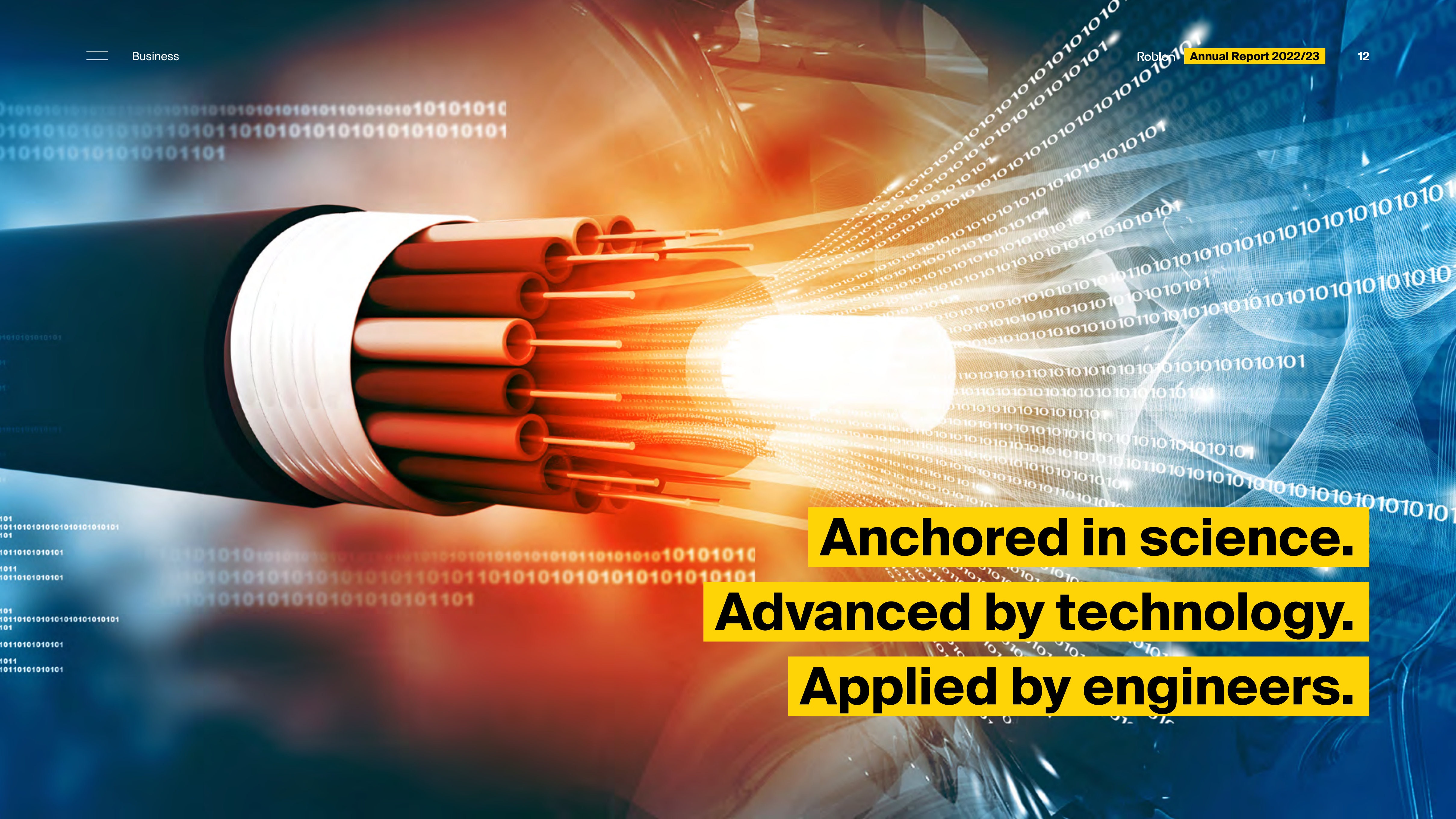
Customers
Roblon is a trustworthy, innovative and value-adding partner for customers demanding top quality, durability and safety standards

Environment and local communities
Integrating environmental considerations and making risk assessments, Roblon manufactures products and support developments in our local community

Employees
Roblon offers an attractive and stimulating workplace committed to a high level of job satisfaction and healthy values

Shareholders
With our investments in production, products and employees, Roblon strives to generate solid long-term returns for our shareholders

The Roblon Group has operating companies and production facilities in Denmark, the Czech Republic and the USA.



Anchored in science. Advanced by technology. Applied by engineers.

2026 Strategy

In recent years, the Group has developed and refocused its core business on high-performance fibre solutions and technologies for customers mainly within the telecommunications and energy sectors, which are expected to generate positive growth in the coming years.

Roblon's growth strategy in the period to 2025/26 will target selected global key customers. The key points of the strategy are outlined on this page.

The Roblon Group launched its current 2026 strategy, including its general financial goals, in the autumn of 2021. Since 2021, the prospects of achieving the strategy's financial targets have been challenged by "abnormal market and economic conditions". The 2021/22 financial year was marked by the aftereffects of the COVID-19 pandemic, inflation and interest rate increases. With respect to the 2022/23 financial year and the forecast for 2023/24, Roblon is facing the challenges of rising inflation, interest rate increases and a severe slowdown of the fibre optic cable industry (FOC), from which Roblon generates a substantial part of its revenue. Management thus concludes that the conditions have made it difficult for Roblon to achieve its financial targets.

During the period to the end of the 2022/23 financial year, Roblon completed a major investment programme in the US subsidiary and invested to upgrade and expand the parent company's FOC production facilities prior to the relocation to the Czech subsidiary. The investments improve production capacity and profitability.

With these measures in place, Management believes that achieving the overall financial targets mentioned on this page remains realistic, assuming "normal market and economic conditions".

Mission

Roblon is an innovative and sustainable business developing and supplying high-performance fibre solutions to selected customers.

Vision

We aim to be the preferred supplier of high-performance fibre solutions to selected customers.

Strategy

Core processes

- Key Account Management
- Operational Excellence
- Innovation

Value proposition

Roblon delivers high-performance fibre solutions for the protection and reinforcement of important infrastructure to selected and leading customers in the telecommunications and energy sectors.

The cornerstone of Roblon's value proposition is the unique combination of knowledge about the coupling of fibre technology with machine technology, the proximity to customers and our documented customer service and flexibility.

Roblon's financial targets

The Group strives to achieve the following annual ratios, assuming normal market and economic conditions.

Average annual revenue growth of at least 15%

Average annual EBIT margin of at least 10%

Average annual EPS growth of at least 15%

A return on invested capital (ROIC) before tax of at least 20%

Markets and products

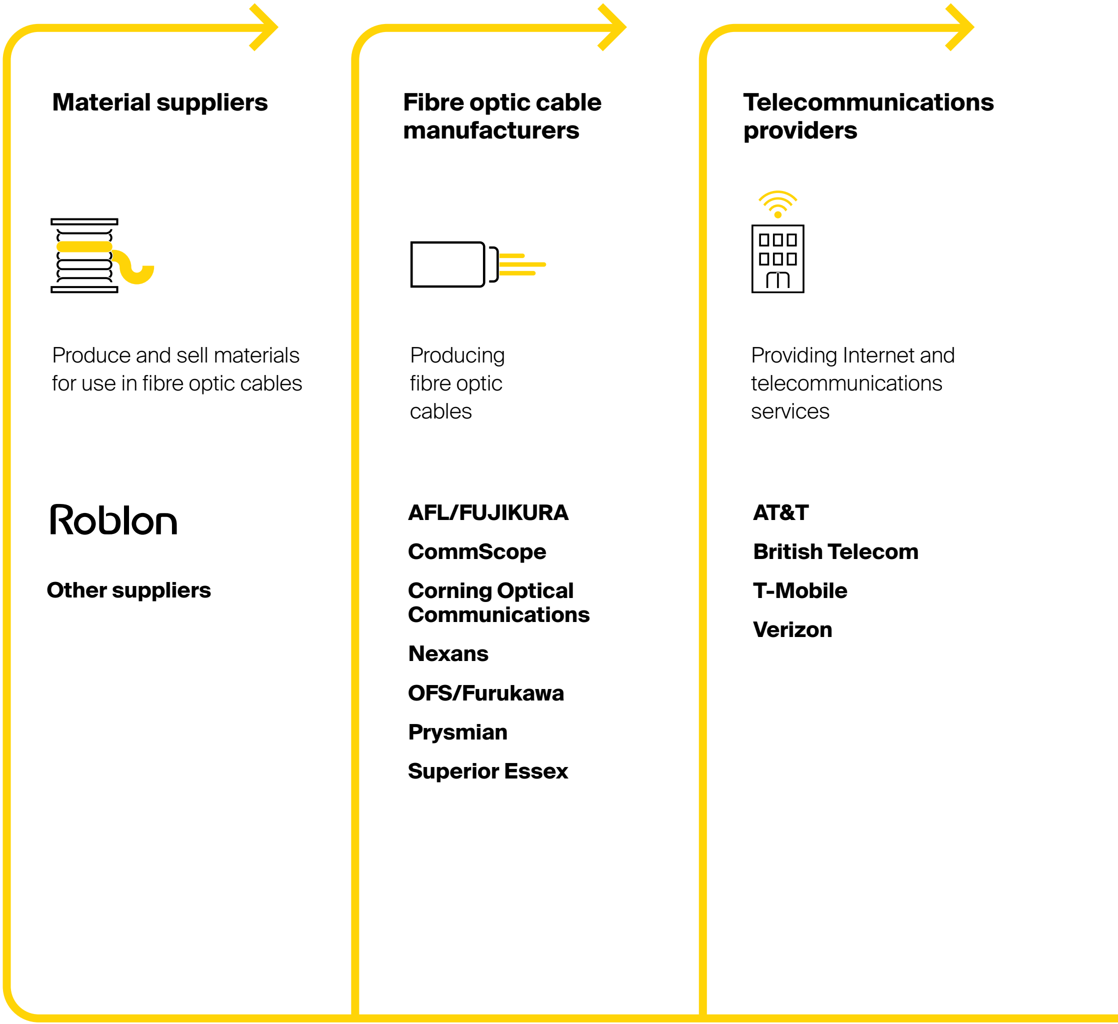
Roblon has identified and addresses a market potential of around DKKm 4,950 (DKKm 3,850): of which DKKm 4,250 (DKKm 3,150) in the FOC product group and DKKm 700 (DKKm 700) in the Composite product group.

Fibre optic cable industry (FOC) product group
Fibre optic cable manufacturing is a growing business, supported by an ever increasing need for more data transmission capacity. The need for data transmission capacity is driven by numerous areas of application, including personal communications (e-mails, social media, messaging, etc.), business communications, Internet access, wireless communication systems, industry and automation, health services, streaming services, education and training, etc.

The expected future growth will be driven by the roll-out of infrastructure to support an expansion of telecommunications, including 5G, in order to provide the capacity required to support the ever-growing need for increasing data transmission.

In this transparent industry, both competitors and customers are well known. Several of the major global fibre optic cable manufacturers have in recent years made significant investments in capacity expansions in the form of new production facilities and new production equipment.

The fibre optic cable industry comprises some 20 major global manufacturers with production sites on several continents along with a number of regional and smaller cable manufacturers. Major global manufacturers include companies such as Prysmian Group, Corning

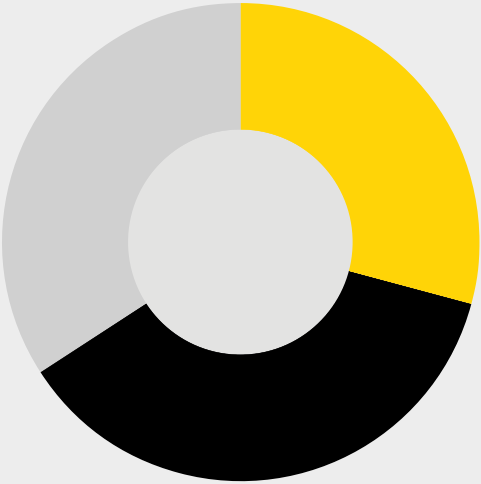


Section of value chain – Fibre optic cable industry

Market potential

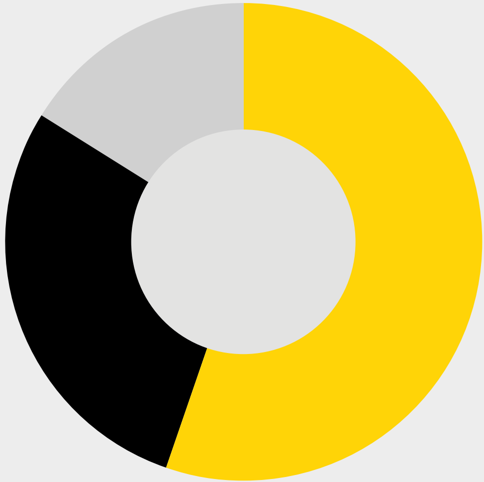
The total annual market potential, excluding China, has been estimated at DKKm 4,250 (DKKm 3,150). A breakdown by market and product category is illustrated in the charts below.

By markets



- **APAC:** DKKm 1,250 (DKKm 950)
- **Americas:** DKKm 1,550 (DKKm 1,150)
- **EMEA:** DKKm 1,450 (DKKm 1,050)

By product categories



- **Rod:** DKKm 2,350 (DKKm 1,600)
- **Flex glass and binder yarns:** DKKm 1,220 (DKKm 1,300)
- **Other:** DKKm 680 (DKKm 250)

Optical Communications, Commscope, OFS/Furukawa, Superior/Essex, Nexans and AFL/Fujikura.

Roblon is considered to be one of five leading suppliers of cable components for the fibre optic cable industry. In addition to these, there are a number of smaller regional suppliers of selected cable components.

Suppliers such as Roblon sell materials to manufacturers of fibre optic cables, who are only to a limited extent dependent on project sales.

The three market regions are approximately equal in size, but their current growth rates differ. As illustrated by the market potential charts, the product category Rod accounts for more than half of the total market potential and is furthermore the product category with the strongest growth rate.

Following a number of years of growth, the FOC market has been slowing down since the end of 2022, and the downward trend has escalated since the spring of 2023. The geographical regions hardest hit by this global market downturn are the two largest regions, China and the USA, but Europe is also affected.

Based on the most recently updated business intelligence from CRU[6], the current situation is as follows:

- In October 2023, the global FOC market reached its lowest level since the slowdown began.

[6] CRU analyses various industries, including the FOC industry, and provides business intelligence. For more information, go to https://www.crugroup.com/.

- The US market shrank by 13.1% in the first half of 2023, driven by rising inflation and interest rates, higher project costs and labour shortages. Furthermore, customers are holding off on placing new orders as the industry is anticipating a major US government telecommunications funding programme, the Broadband Equity, Access and Deployment (BEAD) programme[7])..

- CRU and FOC market players expect the market downturn in the USA to be confined to 2023. The situation is expected to normalise in 2024, when CRU expects the market to return to the 2022 level, followed by a compound annual growth ratio (CAGR) for the period to 2028 of around 10-11%. In October 2023, the US market picked up slightly for the first time in several months.

- Europe recorded the lowest level of activity this year in October 2023, and here, too, the rising level of interest rates and higher project costs are in part responsible for the downturn.

Roblon's revenue and earnings growth in the coming years is expected to be driven by an increased market share in the US, supported by the following factors:

- Roblon's US subsidiary, Roblon US Inc. has a central position in the FOC cluster in North and South Carolina, in close proximity to the largest customers.

- Roblon has positioned itself as a competitive and local provider to the largest manufacturers of fibre optic cables in the US market.

- The Group has completed planned investment programmes in the expansion of production technology in the US subsidiary intended to enhance productivity and capacity.

- As part of a major infrastructure plan, the US government has provided USDbn 42.5 in funding for accelerated roll-out of telecommunications (broadband) in the USA (BEAD). CRU expects to see the launch of more BEAD projects in the first half of 2024, and these government stimulus projects will be subject to the Build America, Buy America (BABA) Act[8]. Roblon is one of three major US manufacturers of fibre optic cable materials. BEAD and BABA are expected to boost the Group's growth potential in the coming years.

The European fibre optic cable industry has consolidated in recent years, with manufacturers primarily in southern and eastern Europe and with increased focus on coordinated procurement across production entities. Here, Roblon leverages its long-standing relationships with customers but is also exposed to stronger competition than in the USA.

[7] https://broadbandusa.ntia.doc.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.
[8] https://www.epa.gov/cwsrf/build-america-buy-america-baba.

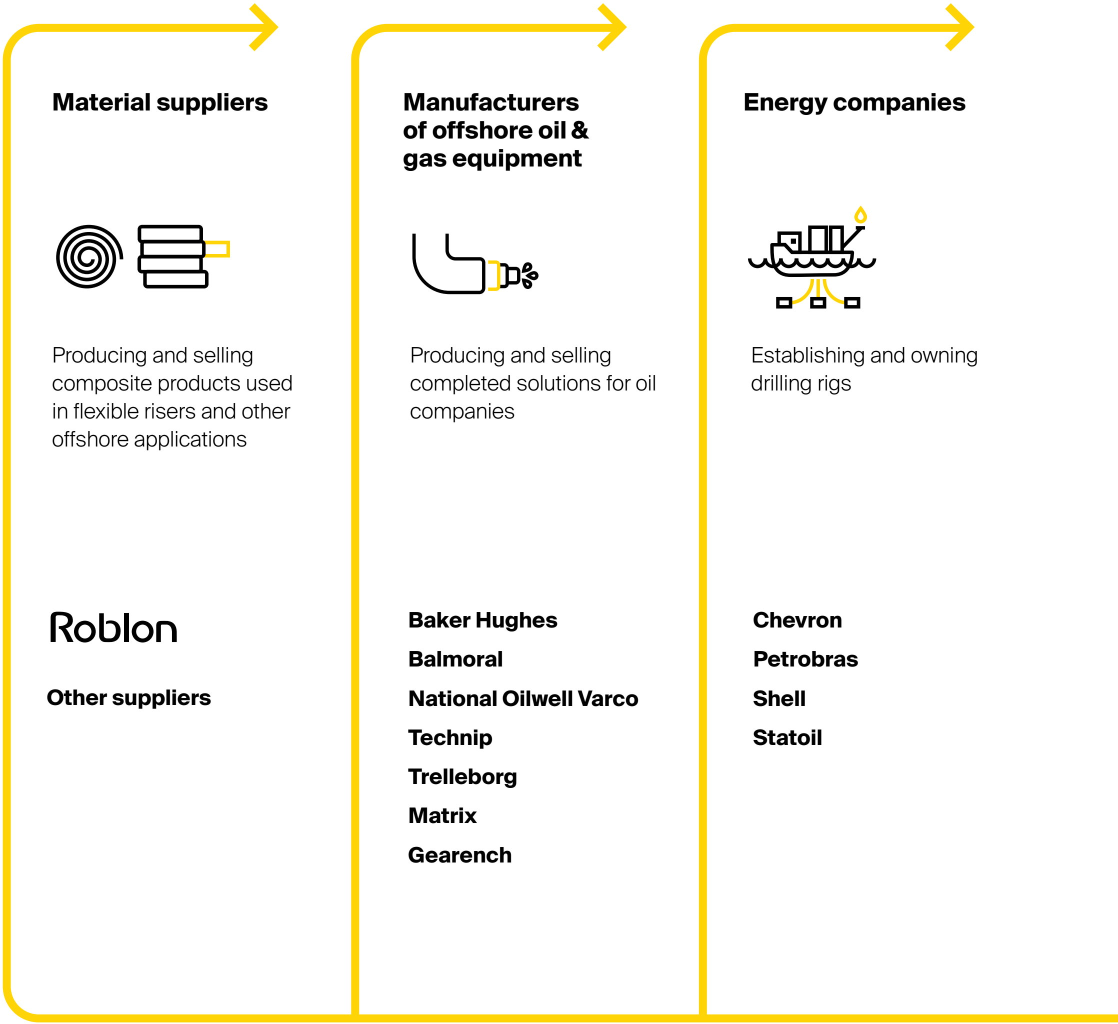
In 2022/23, the Group completed the planned relocation of production from Denmark to the subsidiary in the Czech Republic. This enables Roblon to serve European customers in closer proximity to their production facilities while at the same time achieving satisfactory competitiveness and earnings.

Composite product group
In the Composite product group, Roblon is a supplier of high-performance strength members to selected key customers in, among others, the offshore oil & gas and energy transmission[9] (subsea) industries.

In **the offshore oil and gas industry**, Roblon has for a number of years been a supplier of various types of coated high-strength products used as strength members in oil pipes in connection with off-shore 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. Roblon meets this segment's extensive safety and quality requirements.

Roblon's offshore Oil and Gas-related business is a niche area, and the Group collaborates with large, successful industry players and is exposed to the general conditions prevailing in this industry, including the impact of oil prices on decisions to launch new investment-intensive projects. A large part of the Groups business is placed in Brazil. This country was adversely affected by the COVID-19 pandemic in the period 2020 to mid-2022, during which several known projects were repeatedly postponed.

Since the second half of 2022, the Brazilian market has recovered, meaning growing order activity for Roblon on a par with the pre-pandemic level. According to business intelligence provided by Rystad Energy[10], the level of activity in this area is expected to remain high and to increase over the next three to six years. This is illustrated on page 18 in the chart from Rystad Energy of the expected performance of oil/gas fields under establishment, which correlates with the Group's products targeting this segment.

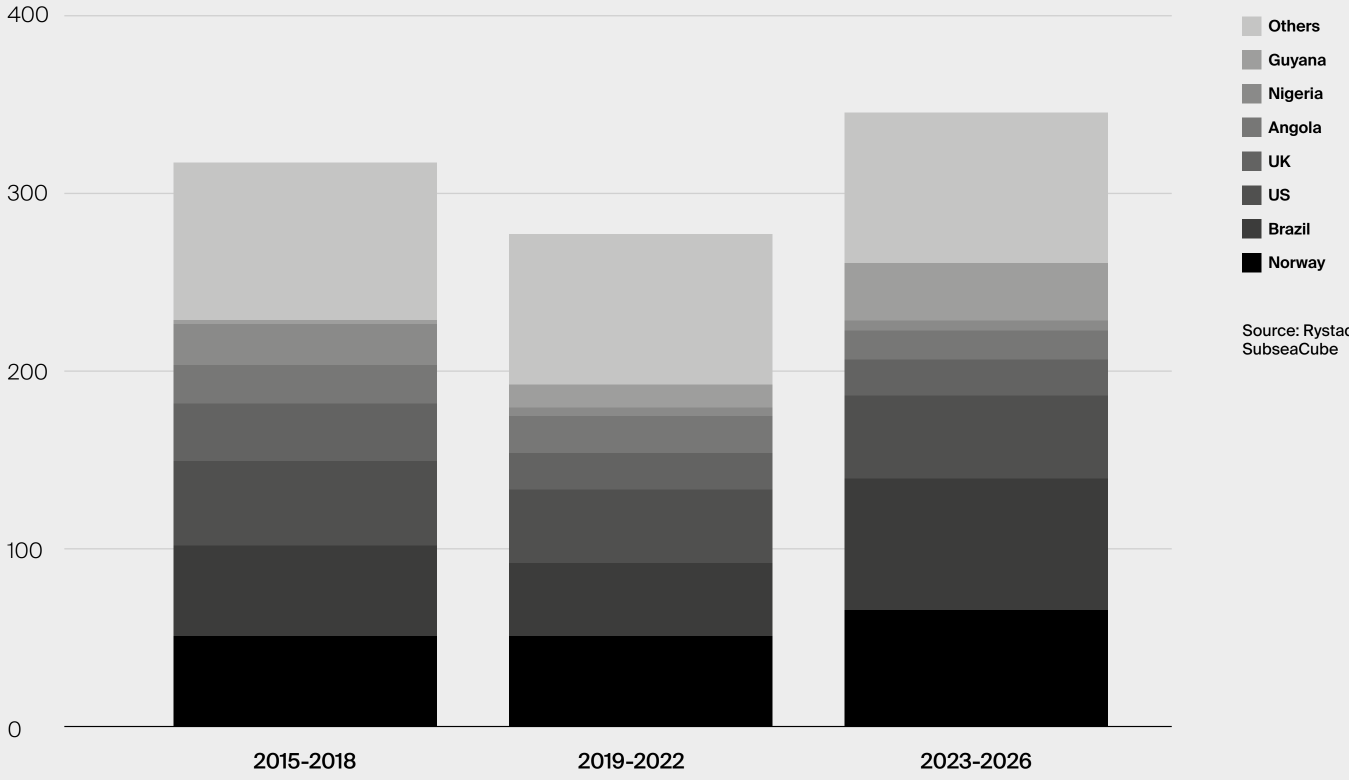


Section of value chain – the energy sector, offshore oil & gas

[9] Wind power, electrification and green transition via submarine cables
[10] Rystad Energy is an independent research and business intelligence company providing analyses of various industries, among other things. For more information, go to https://www.rystadenergy.com/.

Subsea tree installations[11] by country

Average number of subsea trees



Source: Rystad Energy SubseaCube

[11] Subsea tree installation relates to oil and gas fields under establishment.

Within the field of **Energy transmission,** Roblon has intensified its product development in recent years. In 2019 and 2020, Roblon supplied strength members for the Company's first major submarine energy cable project. Since then, other new products for similar applications have been developed in close collab-oration with customers, and the market potential is considered to be strong and is expected to grow significantly in the coming years. Towards the end of the 2022/23 financial year, Roblon won new orders to be delivered in this area in the period until the spring of 2024, and Management is aware of additional projects in 2024 and beyond.

The Group also provides fibre manufacturers and others with services related to the treatment and processing of high-performance fibres for a number of industrial uses.

The market that Roblon addresses in the Composite product group is worth around DKKm 700 (DKKm 700). Energy transmission contributes to this to a limited extent only, as this is a new area for which the market potential is difficult to determine. This industry focuses strongly on electrification and green transition, and for that reason it is expected to see significant global growth rates in the coming years.

Sales to the above-mentioned segments are typically linked to end customers launching large projects, in some cases spanning several years.

Innovation

– Development of products, processes and technology

Developing new products for strategic customers, developing processes and technology and making acquisitions within its core business area are Roblon's principal growth drivers.

Value chain and selected customers

Innovation is one of Roblon's most important core processes. Product development throughout the value chain in order to create value for key customers is vital to Roblon. To Roblon, innovation means new, more sustainable products for our customers manufactured using constantly evolving state-of-the-art technology.

The Group's selected strategic customers are our key focus and an important priority. We undertake development work in collaboration with our customers and based on their needs.

New products

In the 2022/23 financial year, Roblon developed and launched new products for customers in EMEA and the USA.

In close collaboration with a key customer, Roblon designed and developed several new composite-based strength members for use in reinforcement of subsea power cables. The business of subsea cable products is subject to rapid development and innovation, and Roblon's development of new products supports this trend. The design of subsea cables has also seen the application of upjacket[12] rod products in offshore wind farms. Originally, these were developed for the FOC market.

During the past year, Roblon further developed the upjacket rod technology. Production capacity was expanded and the technology was developed to become more efficient and cost-effective. Furthermore, the rod product series has been developed based on chemical classification changes to ensure compliance with the EU REACH classification.

In close collaboration with a key customer, Roblon designed and developed an improved and stronger strap for much more efficient installation of buoyancy modules at customer sites. This has contributed to consolidating Roblon's position in the strap market.

Digitalisation and Visual Factory

The digital possibilities available in product development and in the development and management of the production process are constant factors in Roblon's activities. Data intelligence is applied to convert digitalisation from theory to practical and tangible use. Roblon adopts and purposefully applies automation and digitalisation technologies in processes to select and manufacture new products. Process monitoring and smart intelligence are applied and monitored online at all Roblon's factories – Visual Factory. This Smart Online monitoring improves the quality, efficiency and resource consumption of Roblon's production without compromising work satisfaction or motivation.

Investments

During the financial year 2022/23, Roblon made significant investments in processes and technologies for the manufacture and coating of high-performance fibres. Roblon also invested in digitalisation and automation processes. These investments amounted to a total of DKKm 21.2 (DKKm 19.1).

The Group's product development costs in 2022/23 totalled DKKm 6.1 (DKKm 7.2), corresponding to 1.7% (1.9%) of total revenue.

[12] An upjacket rod is a fiberglass profile over-extruded with a Polyethylene jacket to achieve a specific diameter (millimetre).

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. The Group's overall risk exposure is reviewed annually to assess whether 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 the risk in question occurring.

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

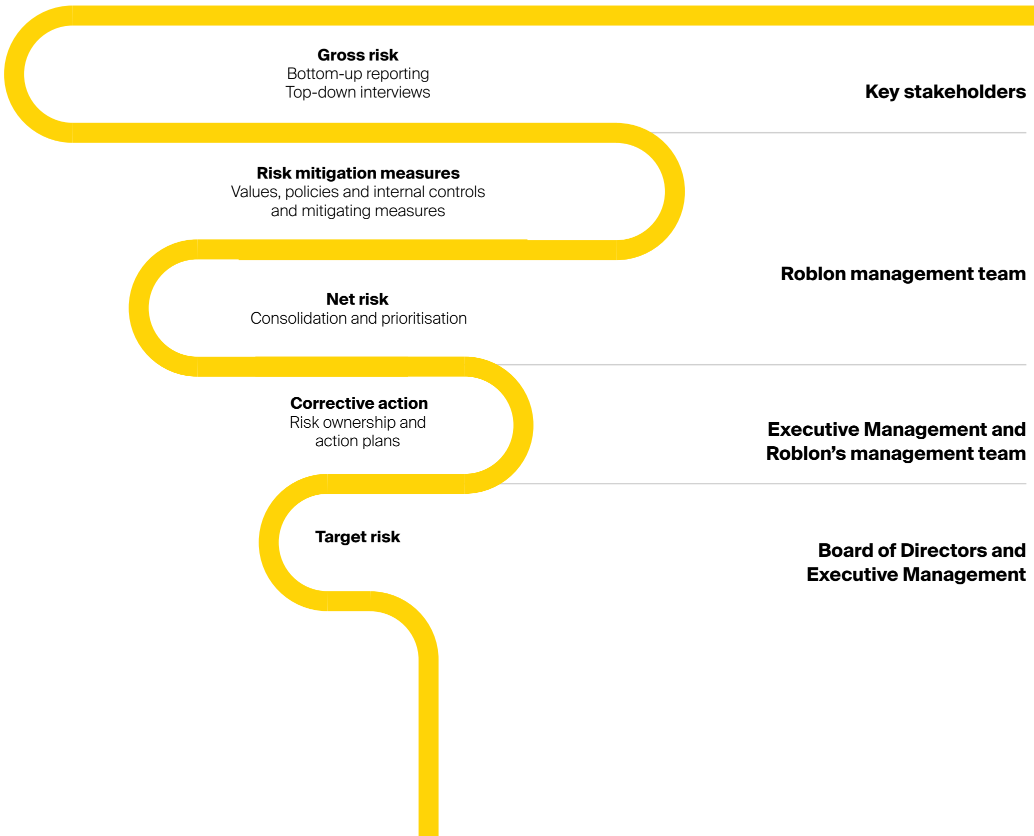
Customers and markets

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 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 30-40% of the business, primarily in the Composite product group, is characterised by a structure based on project sales.

Roblon's governance structure – risk management



The Group's products are sold primarily to large, international and global groups and to a lesser extent to small and medium-sized companies. The customer portfolio comprises a small number of large global customers.

Supplier risk

Roblon relies on suppliers, mainly in Europe, the USA and Asia, and seeks to maintain long-term relationships with these to ensure stable supplies and consistent quality. The Group aims to secure supplies of critical raw materials through contracts and agreements and, wherever possible, in collaboration with more than one supplier.

IT risk

The Group works continually to reduce IT risks through IT security guidelines and policies as well as technical security controls. Roblon has established a contingency plan based on ISO 27001. The plan is designed as an operational tool to ensure that the Group's business-critical processes can be restored and made operational following a critical event.

IT security and cyber security are items permanently on the agenda at quarterly board meetings, and Roblon regularly conducts inhouse training programmes on cybercrime and IT security for all employees.

The purpose of the NIS2 Directive is to strengthen cybersecurity and protect critical infrastructure and services in the EU. Roblon, which is subject to the NIS2 Directive, has initiated preparatory activities, and the general security level will be strengthened further when the Directive becomes effective in the autumn of 2024.

Financial preparedness

The Group regularly assesses the need for adjustment of the capital structure. The Group has established satisfactory loan and credit facilities with its bankers. Against this background, the Group is considered to have sufficient liquidity to cover ongoing financing of its future operations and investments.

Financial risk

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 regularly addresses these risks 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. It is Group policy not to engage in active speculation in financial instruments. Risk management solely concerns risks directly related to the Group's operations, investments and financing.

For additional information on the Group's financial risks, see note 24 to the consolidated financial statements.

Compliance risk

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

Environmental risk

With ISO 14001 (environmental management) and ISO 9001 (quality management) certifications, Roblon ensures that no significant environmental risks occur in connection with the Group's activities and products.

Insurance

It is Roblon's policy to take out insurance against risks that may significantly impact the Group's financial position. The policy on insurance sets out guidelines for the Group's insurance matters, and the need for insurance cover is reviewed annually with the assistance of an external insurance broker. In addition to mandatory insurances, the Group has taken out professional liability, product liability and cybercrime insurance, among others. Properties, tools and equipment and inventories are insured on an all-risk basis at replacement value.

03

Financial review

Matters of note in 2022/23

At the beginning of the financial year 2022/23, Management predicted that the Group's Q1 2022/23 revenue would be challenged by a shortfall of revenue in the FOC product group. However, the FOC product group's revenue shortfall proved significantly greater than what was expected at the beginning of the financial year. Following a number of years of growth, the FOC market has been slowing down since the end of 2022, and the downward trend has escalated since the spring of 2023. The geographical regions hardest hit by this global market downturn are the two largest regions, China and the USA, but Europe is also affected. This unexpected downturn in geographical regions severely impacted the Group's realised revenue and earnings for 2022/23.

In 2022/23, Roblon sold its head office building in Frederikshavn for a cash-based price of DKKm 27.0. The accounting profit from the sale is reported under special items in the amount of DKKm 17.9 and is included in the item EBIT after special items.

Following the sale of the former head office, all the Group's Danish employees are now all located at Fabriksvej 7, Gærum in Frederikshavn.

Financial statements 2022/23

Roblon reports on a single segment, disclosing information on revenue distribution for the following two product groups:

- **FOC** optic cable components and cable machinery for (the Fibre Optic Cables industry).
- **Composite** (composite materials for onshore and offshore industries)

In the following, the financial commentary is based on the 2022/23 consolidated financial statement figures with comparative consolidated financial statement figures for 2021/22, unless otherwise indicated.

Consolidated income statement

Q4 2022/23

The Group's order intake amounted to DKKm 75.6 in Q4 2022/23 (DKKm 102.3). The DKKm 26.7 decline was distributed with DKKm 7.9 on the FOC product group and DKKm 18.8 on the Composite product group.

Total revenue amounted to DKKm 100 in Q4 2022/23 (DKKm 118.9). The revenue of the FOC product group was down by DKKm 25.5 compared with the year-earlier period, while the Composite product group recorded a DKKm 6.6 increase in revenue.

The gross profit amounted to DKKm 40.7, down DKKm 11.8 compared with a gross profit of DKKm 52.5 in the same period last year. The decline was due to the FOC market slowdown. The gross margin in Q4 2022/23 was 40.7% (44.2%), and the decline compared with the year-earlier period was mainly attributable to increased cost of sales in the Composite product group which could not be fully passed on to selling prices due to the competitive situation.

Staff costs amounted to DKKm 32.4 (DKKm 33.3).

EBIT before special items was an operating profit of DKKm 0.7 (DKKm 5.6), for an EBIT margin of 0.7%, against 4.7% in the year-earlier period.

Roblon realised a profit before tax of DKKm 17.6 (DKKm 5.8), positively affected by a profit of DKKm 17.9 from the sale of the former head office in Frederikshavn.

In Q4 2022/23, the net cash flow for the quarter was an inflow of DKKm 0.9 (an outflow of DKKm 4.0).

Selected financial highlights

DKKm	Q4 2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	2022/23
Order intake	102.3	100.1	75.5	57.5	75.6	308.7
Order book	111.8	132.5	118.6	97.9	71.3	71.3
Revenue	118.9	81.3	90.4	78.4	100.0	350.1
Gross profit	52.5	36.5	52.3	39.8	40.7	169.3
Operating profit/loss before depreciation, amortisation and impairment and before special items (EBITDA)	11.1	3.4	2.9	-2.6	7.2	10.9
Operating profit/loss before special items (EBIT)	5.6	-3.6	-3.9	-9.2	0.7	-16.0
Profit/loss before tax	5.8	-5.6	-4.9	-10.3	17.6	-3.2
Gross margin	44.2%	44.9%	57.9%	50.8%	40.7%	48.4%
EBIT margin	4.7%	-4.4%	-4.3%	-11.7%	0.7%	-4.6%

2022/23

Revenue performance

Roblon's revenue was down by 8.1% to DKKm 350.1 for the year (DKKm 380.9). The DKKm 30.8 net decline covered a DKKm 79.7 decline in the FOC product group and a DKKm 48.9 improvement in the Composite product group.

The FOC product group generated revenue of DKKm 192.5 (DKKm 272.2). The decline followed upon a number of years of positive growth. The FOC market began to slow down towards the end of 2022 and the trend has escalated since the spring of 2023. The geographical regions hardest hit by this global market downturn are the two largest regions, China and the USA, but Europe is also affected.

The Composite product group generated revenue of DKKm 157.6 (DKKm 108.7), and the DKKm 48.9 improvement was attributable to a strong increase in the Group's deliveries to the offshore oil and gas industry compared with the level realised in 2021/22. The improvement was in line with Management's expectations expressed at the beginning of the financial year.

In the annual report for 2021/22, Management guided revenue of around DKKm 430-470 for the financial year 2022/23.

In Company Announcement no. 5 of 9 June 2023, Management downgraded its full-year revenue guidance to DKKm 400-430.

In Company Announcement no. 8 of 14 August 2023, Management downgraded its full-year revenue guidance to DKKm 360-380.

In Company Announcement no. 9 of 8 September 2023, Management narrowed its revenue guidance to the lower end of the DKKm 360-380 range.

In Company Announcement no. 13 of 2 November 2023, Management downgraded its full-year revenue guidance to around DKKm 345.

Actual revenue for 2022/23 was DKKm 350.1.

This means that actual revenue was DKKm 80-120 below the level guided by Management at the beginning of the financial year. This was due to the significantly lower revenue level realised in the FOC product group.

Earnings
In the 2021/22 annual report, Management guided an operating profit before depreciation, amortisation and impairment and before special items (EBITDA) in the range of DKKm 40-55 and an operating profit before special items (EBIT) in the range of DKKm 10-25 for the financial year 2022/23.

In Company Announcement no. 5 of 9 June 2023, Management downgraded its full-year EBITDA guidance to DKKm 35-50 and its EBIT guidance to DKKm 5-20.

In Company Announcement no. 8 of 14 August 2023, Management downgraded its full-year EBITDA guidance to DKKm 18-28 and its EBIT guidance to the range from a DKKm 10 loss to break-even.

In Company Announcement no. 9 of 8 September 2023, Management narrowed its EBITDA guidance to the lower end of the DKKm 18-28 range and its EBIT guidance to the range from a DKKm 10 loss to break-even.

In Company Announcement no. 13 of 2 November 2023, Management downgraded its full-year EBITDA guidance to around DKKm 10 and its EBIT guidance to a loss of around DKKm 18.

Actual EBITDA for 2022/23 was DKKm 10.9 (DKKm 23.4), and actual EBIT was a loss of DKKm 16.0 (a loss of DKKm 3.8).

Roblon realised a loss before tax of DKKm 3.2 for 2022/23 (a loss of DKKm 1.4).

The loss after tax for 2022/23 was DKKm 4.6 (a loss of DKKm 2.3).

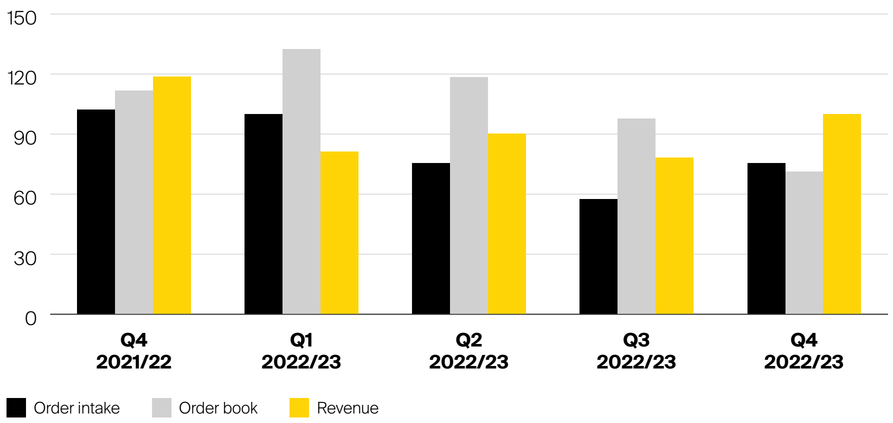
The EBIT margin for 2022/23 was negative at 4.6% (negative at 1%), which should be seen in light of the highly unexpected turn in the FOC market, which resulted in significantly lower revenue than expected. Roblon's overall performance was impacted by the FOC product group's reduced profitability due to the lower level of activity. Furthermore, in the third and fourth quarters, the Company experienced production difficulties due to complications related to the ramp-up of new production lines that impacted productivity and cost of sales and resulted in substantial unexpected extraordinary costs. These production difficulties have since been solved. As expected, the Composite product group saw a considerable improvement in the level of activity compared with the 2021/22 level, which has a positive impact on the Company's performance.

Earnings per share (EPS) were negative at DKK 2.6 (negative at DKK 1.3).

Gross profit and gross margin
Roblon's gross profit amounted to DKKm 169.3, down DKKm 11.9 compared with a gross profit of DKKm 181.2 the previous year. The gross margin for the 2022/23 financial year was 48.4% (47.6%).

For a part of the 2022/23 financial year, the gross profit and gross margin were adversely affected by elevated costs of raw materials, components,

The chart below illustrates the development in order intake, order book and revenue over the past five quarters until and including Q4 2022/23.



freight and energy, which Roblon was not able to fully pass on to customers by adjusting selling prices. Furthermore, production was hampered by complications related to the ramp-up of new production lines, which affected productivity and cost of sales. Conversely, the gross margin benefitted from a favourable product mix.

Other external costs

Other external costs amounted to DKKm 40.7 (DKKm 38.7). The increase was partially due to high inflation.

Staff costs

Staff costs fell to DKKm 121.7 (DKKm 123.1).

At 31 October 2023, the Group had 281 employees, against 287 at 31 October 2020. The employees are distributed among the Company's locations in Denmark, the Czech Republic and the USA. At 31 October, there were 204 hourly-paid workers (204) and 77 salaried employees (83).

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment was an expense of DKKm 26.9 (an expense of DKKm 27.2).

Special items

Special items in 2022/23 comprised the DKKm 17.9 accounting profit from the sale of Roblon's properties in Frederikshavn The previous year's special items related to expenses totalling DKKm 6.8 regarding transaction costs of DKKm 3.1 in connection with the acquisition of the Czech business Vamafil at 3 January 2022 and other costs of DKKm 3.7 in connection with the relocation of selected parts of the production facilities from Denmark to the Czech Republic.

Net financial items

The Group's financial items amounted to a net expense DKKm 5.0 (net income of DKKm 9.3). The net amount was made up of DKKm 4.0 in interest expenses and DKKm 1.0 in negative foreign exchange adjustments. The year-earlier figure included a positive foreign exchange adjustment of DKKm 9.7 on loans to the US subsidiary.

In the parent company, USDm 5.0 of the intra-group balance in Roblon's US subsidiary at 1 November 2022 was converted to shares and parts of the balance were converted into a non-current receivable, which is considered part of the net investment and therefore adjusted through comprehensive income.

Tax on profit/loss for the year

Tax on the profit/loss for the year was recognised as a total expense of DKKm 1.4, against an expense of DKKm 1.0 the previous year.

Consolidated balance sheet

The Group's total assets at 31 October 2023 amounted to DKKm 368.1 (DKKm 373.1). Working capital was DKKm 141.1 (DKKm 155.9), equalling 40.3% (40.9%) of revenue for the year. Invested capital at 31 October 2023 amounted to DKKm 174.1, compared with DKKm 206.5 the previous year.

The DKKm 14.8 reduction of working capital was mainly due to a reduction of the Group's inventories.

Management has defined a goal for working capital to constitute a maximum of 25% of revenue, assuming normal economic conditions.

Intangible assets

In total, the Group recognised intangible assets at a value of DKKm 16.0 at 31 October 2023 (DKKm 23.6).

Completed development projects and development projects in progress at 31 October 2023 amounted to DKKm 7.6 (DKKm 9.9).

Property, plant and equipment

In the consolidated balance sheet, property, plant and equipment at 31 October 2023 was recognised at DKKm 120.0 (DKKm 130.2). The decrease mainly related to the sale of the head office in Frederikshavn.

Inventories

The Group's inventories amounted to DKKm 98.0 at 31 October 2023 (DKKm 114.5). Inventories were not affected to the same extent as last year by higher inventory levels of critical raw materials and components and soaring raw materials prices. Management aims to further reduce capital tied up in inventories in the financial year 2023/24.

Receivables

Total receivables at 31 October 2023 amounted to DKKm 87.2 (DKKm 86.0).

Financing and capital resources

The Group's net cash flow from operating activities in 2022/23 was an inflow of DKKm 17.8 (an outflow of DKKm 27.0). Roblon's total investments in property, plant and equipment of DKKm 21.2 (DKKm 19.1) comprised upgrades of production equipment in the two subsidiaries to improve production capacity and profitability and a new production line in the parent company for a new area of application in energy transmission. They also related to refurbishment of the Group's Gærum property following the sale of Roblon's former head office in Frederikshavn

Investment in intangible assets, including product development, amounted to DKKm 0.7 (DKKm 2.5).

In August 2023, the Group's Czech subsidiary took out a bank loan of nominally EURm 4.2 with a term of seven to ten years.

At 31 October 2023, net cash deposits amounted to DKKm 33.2 (DKKm 11.9).

The Group's total credit facilities amounted to DKKm 88.0 (DKKm 88.0). Roblon had undrawn credit facilities at 31 October 2023 of DKKm 33.0 (DKKm 25.2). Total cash resources at 31 October 2023 amounted to DKKm 66.2 (DKKm 37.1).

Equity

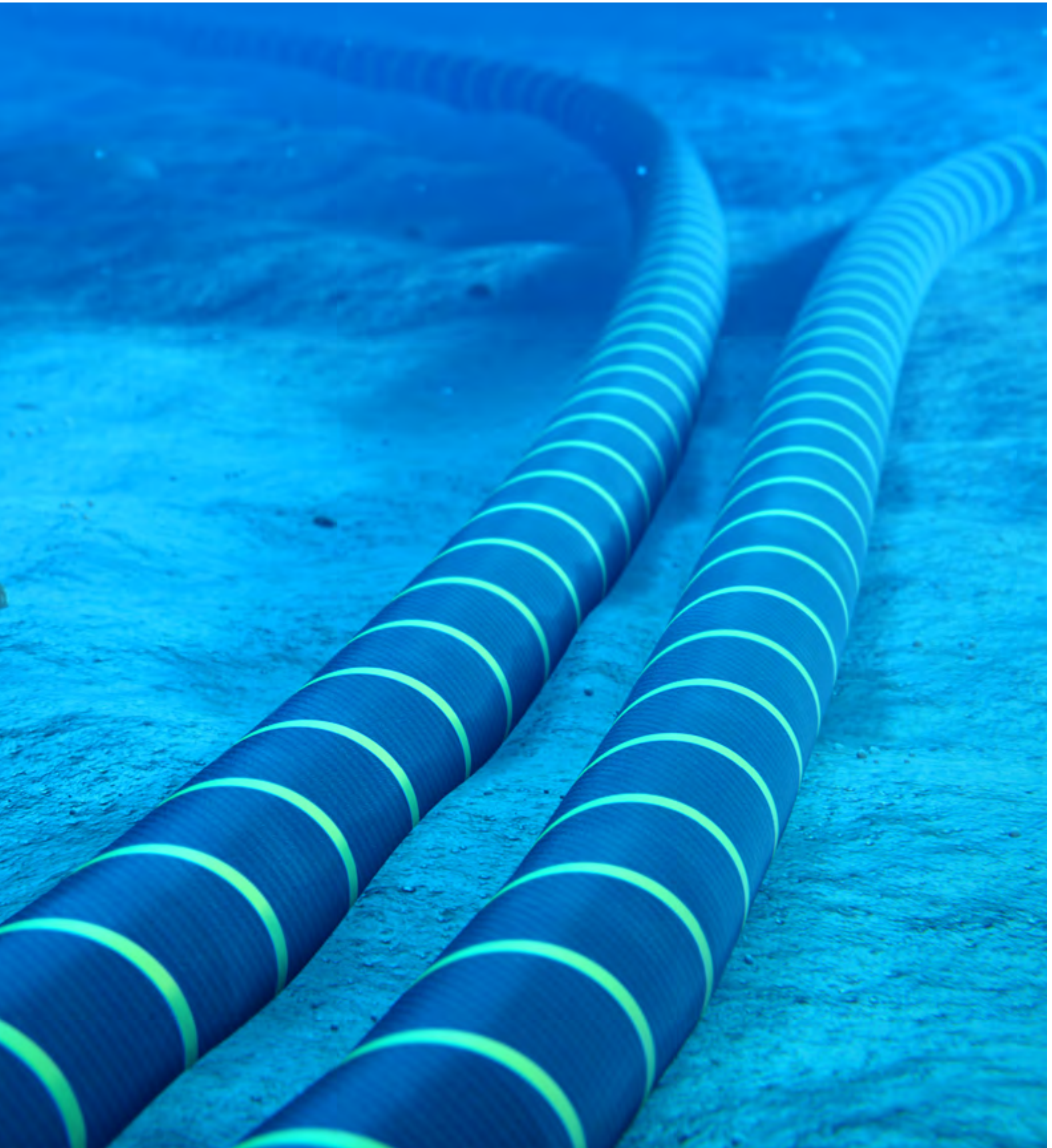
The Group's equity at 31 October 2023 amounted to DKKm 209.6 (DKKm 218.8), and Roblon is financially sound. Equity accounts for 57.0% of total assets (58.7%).

Dividends

Based on the reported loss for the year 2022/23, the Board of Directors proposes to the shareholders in general meeting that no dividend be distributed.

Events after the balance sheet date

No material events have occurred after the balance sheet date of 31 October 2023 of significance to the annual report.



Parent company

In 2022/23, the parent company posted revenue of DKKm 201.5 (DKKm 200.8) and an operating profit before special items (EBIT) of DKKm 22.0 (DKKm 1.2). Profit for the year after tax was DKKm 29.3 (DKKm 3.7)

The parent company financial statements do not comprise the profit/loss of the subsidiaries, which is the main difference relative to the consolidated financial statements. Due to the development in the Group's subsidiaries in the USA and the Czech Republic, an impairment test was carried out at 31 October 2023. The test did not indicate any impairment of the stated values.

At 31 October 2023, the parent company's equity ratio was 72.0% (65.4%).

Guidance for 2023/24

In Company Announcement no. 13 of 2 November 2023, Roblon set out Management's revenue and earnings guidance for the 2023/24 financial year. The guidance expressed in the announcement continues to apply:

In the **Composite product group**, Management forecasts an improvement of revenue compared with the level realised in 2022/23:

- For the Energy business (offshore oil and gas extraction), Management forecasts revenue in line with the level realised in 2022/23. According to customers as well as business intelligence provided by Rystad Energy[13], the level of activity in this area is expected to remain high and to increase over the coming three to six years.
- In Energy Transmission (wind power and electrification and green transition via submarine cables), Roblon has ramped up its product development in recent years. In 2019/20, Roblon supplied strength members for the Company's first major submarine energy cable project. Since then, other new products for similar applications have been developed in close collaboration with customers, and the market potential is considered to be strong and is expected to grow significantly in the coming years. Towards the end of the 2022/23 financial year, Roblon received new orders for strength members for submarine cables to be supplied in the period until the spring of 2024, and efforts are underway to secure new orders for additional known projects in 2024 and beyond. This is expected to contribute to a continued improved performance in the Composite product group.

In the **FOC product group**, Roblon supplies products to the fibre optic cable industry, in which the demand for fibre optic cables is in part driven by the ever growing demand from users for faster data transfer, mobility and data network access. Future growth in this area is thus expected to be driven by the roll-out of infrastructure supporting expanding telecommunications, including 5G.

As part of a major infrastructure plan, the US government has provided USDbn 42.5 in funding for accelerated roll-out of telecommunications (broadband) in the USA (BEAD[14]). CRU[15] expects to see the launch of more BEAD projects in the first half of 2024, and these government stimulus projects will be subject to the Build America, Buy America (BABA) Act[16]. Roblon is one of three major US manufacturers of fibre optic cable components. BEAD and BABA are expected to boost the Group's growth potential in the coming years.

CRU expects the US market to normalise at the 2022 level in 2024, followed by an annual growth ratio (CAGR) in the level of 10-11% in the period to 2028. However, Management has decided to wait for the growth in demand to materialise, and for now has decided to base the guidance for 2023/24 on an unchanged, low revenue level and consequently a lower earnings level.

Revenue and earnings guidance for 2023/24:

- Revenue of around DKKm 370 (DKKm 350.1)
- Operating profit before depreciation, amortisation and impairment and before special items (EBITDA) of around DKKm 25 (DKKm 10.9)
- Operating profit before special items (EBIT) of around DKKm 0 (a loss of DKKm 16)

The guidance for the year is subject to significant uncertainty, mainly related to market conditions within the fibre optic cable industry.

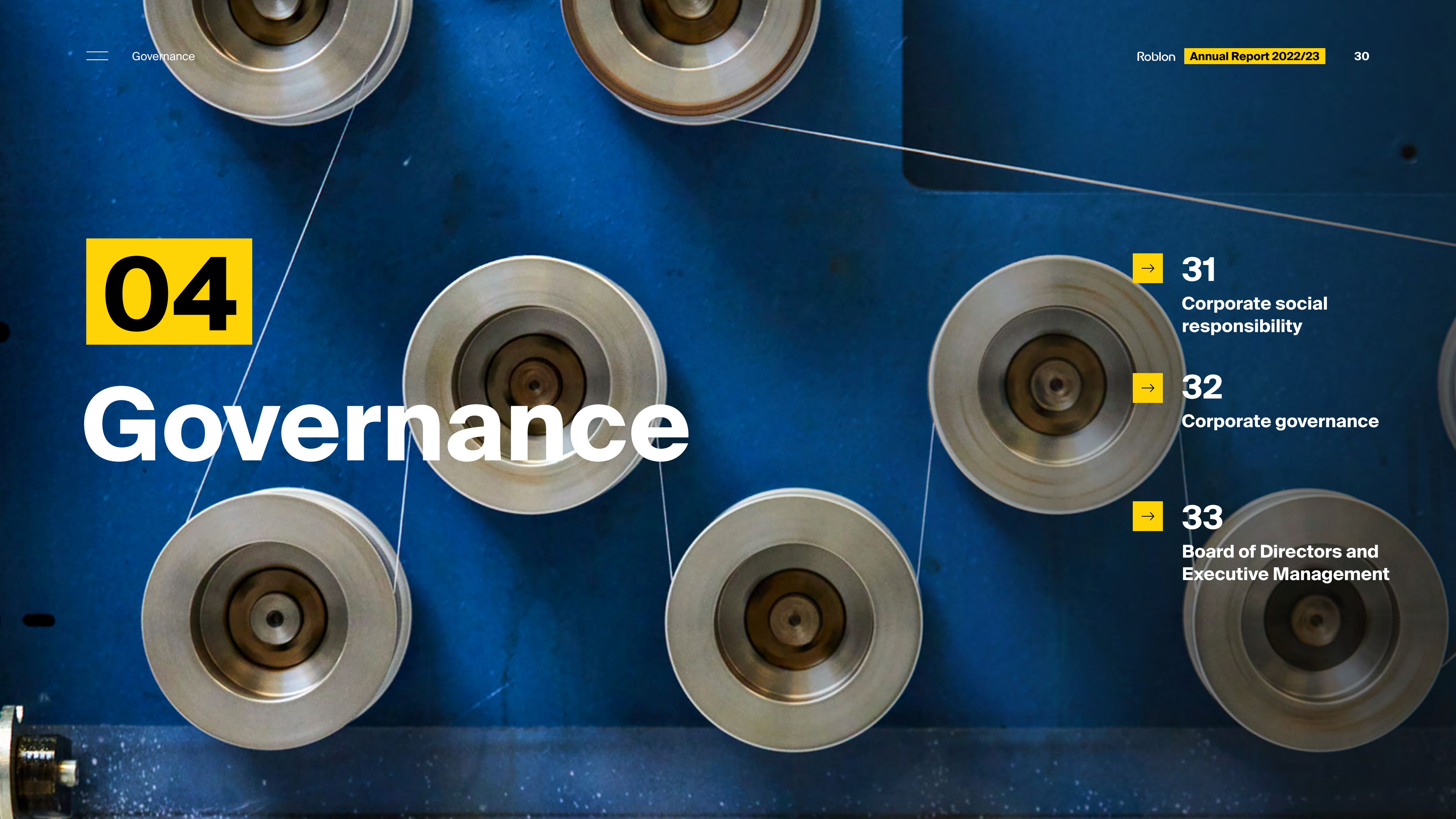
Forward-looking statements

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 actual results may consequently differ significantly from the projections expressed in the annual report. Such factors include, but are not limited to, changes in market and competitive situation, changes in demand and purchasing behaviour, foreign exchange and interest rate fluctuations and general economic, political and commercial conditions.

See also the risk management section on page 23.

→ **Risk management**
Page 20

13 Rystad Energy is an independent research and business intelligence company providing analyses of various industries. For more information, go to https://www.rystadenergy.com/.
14 https://broadbandusa.ntia.doc.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.
15 CRU analyses various industries, including the FOC industry, and provides business intelligence. For more information, go to https://www.crugroup.com/.
16 "https://www.epa.gov/cwsrf/build-america-buy-america-baba.



04 Governance

Corporate social responsibility

Report on corporate social responsibility
Roblon considers corporate social responsibility (CSR) to be a natural part of the Group's business, and we acknowledge that we have a responsibility for our employees and our local community. Roblon has naturally integrated CSR into the Group's endeavours to execute our strategy.

Roblon's CSR report for 2022/23 constitutes the Group's full social responsibility reporting for 2022/23 in accordance with section 99 a of the Danish Financial Statements Act. The CSR report contains a description of the Group's business model and policies on corporate social responsibility, including on climate and the environment, social and employee-related matters, human rights and anti-corruption as well as the Group's actions in these areas.

As part of its preparations for the EU Corporate Sustainability Reporting Directive (CSRD) and the efforts to reduce the Group's carbon emissions, Roblon in 2022/23 defined an ESG ambition for the period to 2030. This ambition is described in the CSR report for 2022/23.

→ **CSR Report 2022/23**
roblon.com/csr-report-2023

Report on diversity policy and Management's gender composition
The CSR report for 2022/23 contains reporting on diversity policy and Management's gender composition in accordance with sections 107 d and 99 b of the Danish Financial Statements Act. The reports are available at the Company's website: www.roblon.com/csr-report-2023.

Report on Roblon's data ethics policy
Roblon has a data ethics policy, which forms part of the general internal guidelines, the aim of which is to ensure that all data are processed in an ethically responsible manner.

The CSR report for 2022/23 contains a report on data ethics in accordance with section 99 d of the Danish Financial Statements Act Furthermore, the Group's data ethics report and policy are available on the Company's website: www.roblon.com/dataethics-2023.

Corporate governance

Corporate governance
Roblon complies with the rules applicable to companies listed on Nasdaq Copenhagen, which include a corporate governance code in the form of Recommendations on corporate governance issued by the Danish Corporate Governance Committee.

In 2022/23, Roblon complied with the corporate governance recommendations, with the exception of the recommendations that board committees should solely consist of members of the Board of Directors and that the majority of board committee members should be independent. Roblon's governance, nomination and remuneration committee and its innovation and product development committee are made up of one independent member and one non-independent member. The innovation and product development committee furthermore comprises members who are not members of the Board of Directors. Roblon does not comply owing to its size and the assessment that the composition of the Company's board committees generates value for Roblon.

Corporate governance report
Roblon has prepared a statutory report on corporate governance for the 2022/23 financial year in accordance with section 107 b of the Danish Financial Statements Act. The report is available on the Company's website:

→ **Corporate governance**
roblon.com/Corporate-Governance-2023

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.

The report is structured in three sections:

- A description of the Company's management structure, including its governing bodies, their committees and the functions these fulfil
- A description of the main elements of the Group's reporting process and its internal risk management and internal control systems concerning financial reporting
- A corporate governance report for 2022/23.

In addition, the report provides a more in-depth description of each member of the Board of Directors and Executive Management as a supplement to the descriptions in the annual report for 2022/23.

Remuneration policy and report
Roblon's remuneration policy, most recently approved at the annual general meeting on 23 January 2020 sets out general guidelines for remuneration of the Board of Directors and the Executive Management.

An updated remuneration policy will be proposed for approval at the Company's annual general meeting in January 2024.

Pursuant to section 139 b of the Danish Companies Act, Roblon has prepared a statutory remuneration report for 2022/23, which is available on the Company's website:

→ **Remuneration report 2022/23**
roblon.com/renumerationreport-2023

Board of Directors and Executive Management

Board of Directors

CEO

Jørgen Kjær Jacobsen, born in 1952
Chairman (independent), joined the board in 2014

Member of the Governance, Nomination and Remuneration Committee, the Audit Committee and the Innovation and Product Development Committee

Other executive functions[17]**:** Gabriel Holding A/S (C), Raskier A/S (D) and (B), Raskier Ejendomme ApS (D) and (B).

Specialised skills: Degree in business economics and senior management experience from listed companies and board experience from listed companies and commercial foundations.

No. of shares: 47,000 (35,000).

Corporate adviser

Ole Lønsmann Andersen, born in 1959
Deputy Chairman (non-independent), joined the board in 2018

Chairman of the Governance, Nomination and Remuneration Committee.

Other executive functions: None

Specialised skills: Financial sector experience, including advisory services and providing financial solutions to business enterprises.

No. of shares: 5,425 (5,425), related party Nina Schou 2,990 (2,990)

Group Senior Vice President Corporate Finance

Randi Toftlund Pedersen, born in 1963
Board member (independent), joined the board in 2016

Chairman of the Audit Committee.

Other executive functions: Group Senior Vice President Corporate Finance, Salling Group A/S, Salling Group Ejendomme A/S (B), Salling Group Forsikring A/S (C), Glunz & Jensen Holding A/S (DC and chairman of audit committee), Gabriel Holding A/S (B and chairman of audit committee), Ejendomsselskabet Olav de Linde A/S (B)

Specialised skills: Management experience from listed and global companies, in finance and economy, and board experience from listed companies.

No. of shares: 3,000 (3,000).

Vice President Group Technology

Peter Sloth Vagner Karlsen, born in 1963
Board member (dependent), joined the board in 2011

Chairman of the Innovation and Product Development Committee.

Other executive functions: Vice President Group Technology, Rockwool International, Sparekassen Vendsyssels Fond Hals (B)

Specialised skills: Management skills from global corporation in the areas of group product development, production and quality.

No. of shares: 395 (395).

[17] (C) = Chairman, (DC) = Deputy Chairman, (B) = board member and (D) = director

Board of Directors

Key Account Assistant

Anita Skovgaard Pedersen, born in 1966
Employee representative (non-independent), joined the board in 2023.

No. of shares: 35.

Sales supporter

Anette Frost Hansen, born in 1969
Employee representative (non-independent), joined the board in 2023

No. of shares: 0.

Executive Management

Managing Director and CEO

Lars Østergaard, born in 1965
Appointed in 2016.

No. of shares: 14,552 (12,256).

Chief Financial Officer (CFO)

Carsten Michno, born in 1970
Appointed in 2015.

No. of shares: 8,053 (8,053).

Chief Technology Officer (CTO)

Kim Müller, born in 1969
Joined the Company in 1992, appointed to the Executive Management in 2015.

Other executive functions: Erhvervsservice Nord ApS (B)

No. of shares: 6,946 (6,946).

Additional information on the individual members of the Board of Directors and the Executive Management, such as their educational background, nationality, etc. is set out in the separate report on corporate governance, which is available on the Company's website:

→ **Corporate governance**
roblon.com/Corporate-Governance-2023

05 Shareholder information

Shareholder 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 2023, 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 2,018 shareholders registered by name at 31 October 2023 (2,168), together representing approx. 88.8% (89.3%) 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 % (minimum)
ES Holding Frederikshavn ApS CVR no. 29325731	25.1	68.8
ATP CVR no. 43405810	7.2	3.0

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 2023, the members of the Board of Directors and the Executive Management and their related parties held 88,396 (74,364) of the Company's B shares, corresponding to 4.9% (4.2%) of the share capital and 5.9% (4.9%) 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 June 2024 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 25 January 2024.

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 to maintain an open, active dialogue with shareholders, equity research 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 holds quarterly 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 does not participate 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 its website, www.roblon.com, as a tool of communication with the stock market. On the website, additional information on the Group and Roblon's business.

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

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 2023	Preliminary statement
25 January 2024	Annual General Meeting
14 March 2024	Interim report for Q1 2023/24
18 June 2024	Interim report for Q2 2023/24
17 September 2024	Interim report for Q3 2023/24
19 December 2024	Preliminary statement
30 January 2025	Annual General Meeting

Company announcements

Roblon A/S company announcements issued to the Danish FSA and Nasdaq Copenhagen in 2022/23.

1	3 January 2023	Notice of Annual General Meeting
2	6 January 2023	Reporting of related party transactions in Roblon A/S shares
3	26 January 2023	Minutes of the annual general meeting in Roblon A/S
4	16 March 2023	Interim report for Q1 2022/23
5	9 June 2023	Roblon downgrades profit guidance for 2022/23
6	21 June 2023	Interim report for Q2 2022/23
7	23 June 2023	Roblon signs letter of intent regarding sale of head office building in Frederikshavn
8	14 August 2023	Roblon downgrades profit guidance for 2022/23
9	8 September 2023	Roblon completes sale of head office building in Frederikshavn and narrows full-year guidance for the 2023/23 financial year
10	21 September 2023	Interim report for Q3 2022/23
11	27 September 2023	Reporting of related party transactions in Roblon A/S shares
12	28 September 2023	Reporting of related party transactions in Roblon A/S shares
13	2 November 2023	Roblon's full-year guidance for 2022/23 and 2023/24

The announcements are available at the Company's website:

→ **Roblon's website**
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 and possibly acquisition of treasury shares.

It is the Company's intention to distribute dividends annually corresponding to 40-50% of the profit for the year. In addition to this, the Board of Directors may propose an interim dividend distribution to the shareholders 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 share-holders 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 divi-dend of 8% of their nominal shareholding, if dividend is declared. Any remaining dividend accrues to the holders of A shares until they have received dividend equalling 8% of their nominal shareholding. Any remaining dividend thereafter is distributed evenly among all shareholders, regardless of share class.

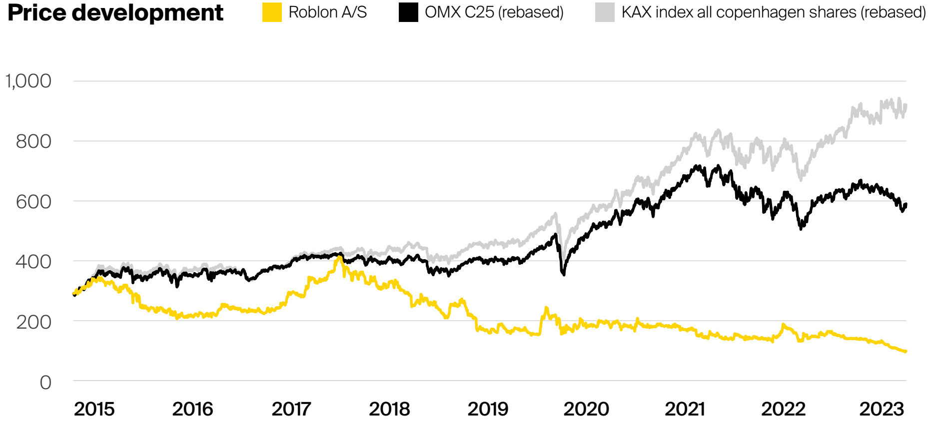
Based on the reported loss for the year 2022/23, the Board of Directors proposes to the shareholders in general meeting that no dividend be distributed.

Share price development
The Roblon B share opened the financial year at a price of 141 and closed at 99.8 at 31 October 2023, which was a drop of 29.2% (2021/2022: a drop of 7.2%).

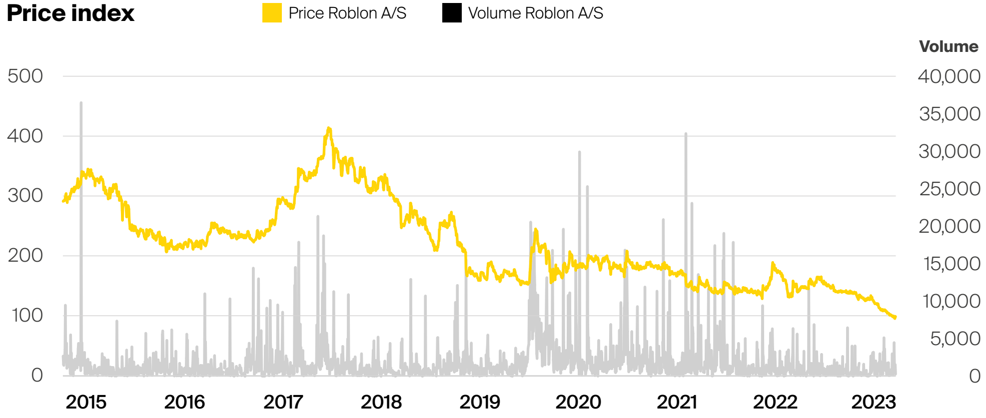
The overall market cap of the Company's listed shares at the end of the financial year was approx. DKKm 151, against approx. DKKm 213 at 31 October 2022.

The free float[14] in listed Roblon B shares was approx. 83% at the end of October 2023, against 84% at the end of October 2022.

Price development



Price index



[14] The term free float refers to the Company's B shares available for trading. Shareholdings owned by ES Holding and by the Company's Management are not considered part of the free float.

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Statement and report

Statement by Management

The Board of Directors and the Executive Management today considered and approved the annual report of Roblon A/S for 2022/23.

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 2023 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 November 2022 – 31 October 2023.

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 2023

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

Anita Skovgaard Pedersen
Employee representative

Anette Frost Hansen
Employee representative

Independent auditors' report

To the shareholders of Roblon A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 October 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 November 2022 - 31 October 2023 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 Parent Company Financial Statements of Roblon A/S for the financial year 1 November 2022 - 31 October 2023 comprise income statement, consolidated statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 six years including the financial year 2022/23.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022/23. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of inventories The Group measures inventories at cost. Work in progress and finished goods comprise direct and indirect production costs. If the net realisable value is lower than the cost, the asset is written down to its lower value. Indirect production costs are recognised based on actual indirect production costs and a share of the estimated production capacity. The net realisable value of the Group's inventories is calculated at expected selling price with deduction of costs of completion and costs incurred to execute sales. The value is determined allowing for marketability, obsolescence and development in expected sales sum. We focused on the measurement of inventories because the statement of inventories is based on significant accounting estimates. We refer to note 2 and note 18 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, and we performed an analytical assessment of indirect production costs. In addition, we assessed total production capacity and its utilisation and performed sensitivity analyses in respect of capacity utilisation. By random sampling, we tested 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	How our audit addressed the key audit matter
Measurement of trademarks, licences and customer relationships in relation to Roblon US Inc. The Group measures trademarks, licences and customer relationships at the lower of cost less accumulated amortisation and impairment loss and the recoverable amount. Management has prepared an impairment test of the value of the intangible assets of Roblon US Inc. comprising trademarks, which at 31 October 2023 was DKK 3,556 thousand. 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 in relation to Roblon US Inc. because the measurement of the assets is based on significant assumptions, including Management's expectations as regards growth rates and contribution ratios as well as discount rate. We refer to note 2 and note 14 of the Consolidated Financial Statements.	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 evaluated Management's assessments relating to impairment losses on the Group's trademarks in relation to Roblon US Inc. through comparison with budgets approved by Management. We assessed the growth rates and contribution ratios applied, e.g. by applying historical data, evaluation of the measures taken to improve profitability as well as comparison with the contribution ratios realised after the balance sheet date. We drew on our internal specialist for an assessment of the discount rate. We challenged Management as regards its assessment of growth rates, contribution margins and discount rate and evaluated the sensitivity analyses performed. We tested the mathematical accuracy of the calculations.

Key audit matter	How our audit addressed the key audit matter
Measurement of the Parent Company's equity investment in Roblon US Inc. and Roblon-Vamafil Spol s r.o The Parent Company measures investments in subsidiaries at cost. If cost exceeds the recoverable amount, the asset is written down to its lower value. Management has tested the value of the shares in Roblon US Inc. and Roblon-Vamafil Spol s r.o for impairment. The impairment test is based on the discounted value in use of the expected cash flows of Roblon US Inc. and Roblon-Vamafil Spol s r.o. 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. and Roblon-Vamafil Spol s r.o because the measurement of the equity investment is based on significant assumptions, including Management's expectations as regards growth rates and contribution margins of Roblon US Inc. and Roblon-Vamafil Spol s r.o as well as the discount rate. We refer to note 2 and note 17 of the Parent Company Financial Statements.	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. and Roblon-Vamafil Spol s r.o. We evaluated Management's assessments relating to impairment losses recognised on the Parent Company's equity investment in Roblon US Inc. and Roblon-Vamafil Spol s r.o through comparison with budgets approved by Management. We assessed the growth rates and contribution ratios applied, e.g. by applying historical data, evaluation of the measures taken to improve profitability as well as contribution ratios realised after the balance sheet date. We drew on our internal specialist for an assessment of the discount rate. We challenged Management as regards its assessment of growth rates, contribution margins and discount rate and evaluated the sensitivity analyses performed. We tested the mathematical accuracy of the calculations.

Statement on Management's Review

Management is responsible for Management's Review.

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

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 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 or 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, actions taken to eliminate threats or safeguards applied.

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.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Roblon A/S for the financial year 1 November to 31 October 2023 with the filename Roblon-2023-10-31-da.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;

- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Roblon A/S for the financial year 1 November to 31 October 2023 with the file name Roblon-2023-10-31-da.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Aalborg, 20 December 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Henrik Kragh
State Authorised Public Accountant
mne26783

Line Borregaard
State Authorised Public Accountant
mne34353

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Financial statements

Income statement

for the period 1 November - 31 October

Amounts in DKK'000	Note	Group 2022/23	Group 2021/22	Parent company 2022/23	Parent company 2021/22
Revenue	3	350,094	380,859	201,468	200,829
Cost of sales	4	-180,795	-199,709	-106,344	-108,695
Gross profit		**169,299**	**181,150**	**95,124**	**92,134**
Work carried out for own account and capitalised	5	3,220	2,221	3,220	2,221
Other operating income	6	717	1,820	19,158	8,595
Other external costs		-40,674	-38,725	-23,111	-25,162
Staff costs	8	-121,694	-123,050	-60,220	-63,594
Operating profit/loss before depreciation, amortisation and impairment and before special items (EBITDA)		**10,868**	**23,416**	**34,171**	**14,194**
Depreciation, amortisation and impairment		-26,899	-27,245	-12,201	-12,970
Operating profit/loss (EBIT) before special items		**-16,031**	**-3,829**	**21,970**	**1,224**
Special items	9	17,912	-6,782	17,912	-6,782
Operating profit/loss (EBIT) after special items		**1,881**	**-10,611**	**39,882**	**-5,558**
Financial income	10	854	11,251	2,334	12,658
Financial expenses	11	-5,896	-1,993	-6,295	-1,653
Profit/loss before tax		**-3,161**	**-1,353**	**35,921**	**5,447**
Tax on profit/loss for the year	12	-1,449	-981	-6,670	-1,735
Profit/loss for the year after tax		**-4,610**	**-2,334**	**29,251**	**3,712**
Profit/loss for the year from discontinued operations after tax	28	-	530	-	530
Profit/loss for the year		**-4,610**	**-1,804**	**29,251**	**4,242**
Earnings per share (DKK)	13				
Earnings per share (EPS), continuing operations		-2.6	-1.3		
Earnings per share, diluted (EPS-D), continuing operations		-2.6	-1.3		

Statement of comprehensive income

for the period 1 November - 31 October

Amounts in DKK'000	Note	Group 2022/23	Group 2021/22	Parent company 2022/23	Parent company 2021/22
Profit/loss for the year		**-4,610**	**-1,804**	**29,251**	**4,242**
Other comprehensive income					
Items that will be recycled to profit or loss					
Foreign exchange adjustment on translation of invested capital in subsidiary		-2,488	-	-	-
Foreign exchange adjustment on translation of foreign subsidiary		-2,674	3,345	-	-
Tax on other comprehensive income		547	-	-	-
Other comprehensive income		**-4,615**	**3,345**	**-**	**-**
Comprehensive income for the year		**-9,225**	**1,541**	**29,251**	**4,242**

Balance sheet

At 31 October

Amounts in DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
ASSETS					
Completed development projects		5,223	6,258	5,223	6,258
Development projects in progress		2,361	3,665	2,361	3,665
Trademarks and customer relations		4,698	6,193	-	-
Other intangible assets		3,707	7,472	1,689	4,318
Intangible assets	14	**15,989**	**23,588**	**9,273**	**14,241**
Land and buildings	15	48,234	60,064	5,657	15,906
Plant and machinery	15	47,492	47,692	19,109	23,691
Other fixtures and fittings, tools and equipment	15	1,035	2,008	444	1,132
Property, plant and equipment in progress	15	15,740	9,814	8,223	7,197
Lease assets	16	7,466	10,649	331	343
Property, plant and equipment		**119,967**	**130,227**	**33,764**	**48,269**
Investments in subsidiaries	17	-	-	119,655	82,237
Amount owed by subsidiaries		-	-	34,180	9,162
Deferred tax assets	21	13,640	6,886	-	-
Financial assets		**13,640**	**6,886**	**153,835**	**91,399**
Total non-current assets		**149,596**	**160,701**	**196,872**	**153,909**
Inventories	18	**98,007**	**114,467**	**49,144**	**59,843**

Amounts in DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
ASSETS					
Trade receivables	19	83,585	83,618	66,668	58,154
Current portion of loan to subsidiary		-	-	-	1,177
Amount owed by subsidiaries		-	-	20,949	79,834
Prepaid income tax		1,140	275	-	-
Other receivables		1,457	1,970	389	1,396
Prepayments		1,032	186	607	63
Receivables		**87,214**	**86,049**	**88,613**	**140,624**
Cash and cash equivalents		**33,235**	**11,884**	**28,430**	**990**
Total current assets		**218,456**	**212,400**	**166,187**	**201,457**
Total assets		**368,052**	**373,101**	**363,059**	**355,366**

Balance sheet

At 31 October

		Group		Parent company	
Amounts in DKK'000	**Note**	**2023**	**2022**	**2023**	**2022**
EQUITY AND LIABILITIES					
Share capital		35,763	35,763	35,763	35,763
Other reserves		-4,761	-146	3,959	4,935
Retained earnings		178,612	183,222	221,822	191,595
Total equity	20	**209,614**	**218,839**	**261,544**	**232,293**
Deferred tax liabilities	21	8,057	4,876	3,706	1,762
Lease liability		5,201	8,176	164	181
Debt to credit institutions	22	35,870	9,059	8,669	9,059
Total non-current liabilities		**49,128**	**22,111**	**12,539**	**11,002**
Current portion of lease liability		2,891	3,123	166	164
Current portion of debt to credit institutions	22	3,990	381	390	381
Operating credits		54,973	82,781	54,973	82,781
Other provisions	23	590	357	162	357
Advance payments		2,829	5,401	2,479	5,401
Trade payables		23,691	25,531	15,512	13,233
Income tax		4,479	1,541	4,479	226
Other payables		15,867	13,036	10,815	9,528
Total current liabilities		**109,310**	**132,151**	**88,976**	**112,071**
Total liabilities		**158,438**	**154,262**	**101,515**	**123,073**
Total equity and liabilities		**368,052**	**373,101**	**363,059**	**355,366**

Statement of changes in equity

Amounts in DKK'000	Group Share capital	Currency translation reserve	Retained earnings	Total equity
Equity at 1 November 2022	**35,763**	**-146**	**183,222**	**218,839**
Profit/loss for the year			-4,610	-4,610
Other comprehensive income		-2,488	-	-2,488
Tax on other comprehensive income		547	-	547
Foreign exchange adjustment on translation of foreign subsidiary		-2,674	-	-2,674
Comprehensive income for the financial year		**-4,615**	**-4,610**	**-9,225**
Equity at 31 October 2023	**35,763**	**-4,761**	**178,612**	**209,614**
Equity at 1 November 2021	**35,763**	**-3,491**	**185,026**	**217,298**
Profit/loss for the year			-1,804	-1,804
Foreign exchange adjustment on translation of foreign subsidiary		3,345	-	3,345
Comprehensive income for the financial year		**3,345**	**-1,804**	**1,541**
Equity at 31 October 2022	**35,763**	**-146**	**183,222**	**218,839**

Amounts in DKK'000	Parent company Share capital	Reserve for develop-ment costs	Retained earnings	Total equity
Equity at 1 November 2022	**35,763**	**4,935**	**191,595**	**232,293**
Profit/loss for the year			29,251	29,251
Change in reserve		-976	976	-
Comprehensive income for the financial year		**-976**	**30,227**	**29,251**
Equity at 31 October 2023	**35,763**	**3,959**	**221,822**	**261,544**
Equity at 1 November 2021	**35,763**	**5,602**	**186,686**	**228,051**
Profit/loss for the year			4,242	4,242
Change in reserve		-667	667	-
Comprehensive income for the financial year		**-667**	**4,909**	**4,242**
Equity at 31 October 2022	**35,763**	**4,935**	**191,595**	**232,293**

Statement of cash flows

for the period 1 November - 31 October

		Group		Parent company	
Amounts in DKK'000		**2022/23**	**2021/22**	**2022/23**	**2021/22**
Operating profit/loss (EBIT) after special items		1,881	-10,611	39,882	-5,558
Operating profit/loss (EBIT) from discontinued operations	28	-	680	-	680
Operating profit/loss (EBIT)		**1,881**	**-9,931**	**39,882**	**-4,878**
Adjustment for non-cash items	26	7,455	33,848	-17,414	23,180
Change in working capital	27	14,579	-51,562	62,177	-50,056
Cash generated from operations		**23,915**	**-27,645**	**84,645**	**-31,754**
Financial income received		54	65	2,363	1,400
Financial expenses paid		-3,742	-1,277	-3,482	-1,294
Income tax paid		-2,536	-313	-561	-
Income tax received		88	2,133	88	2,133
Cash flow from operating activities		**17,779**	**-27,037**	**83,053**	**-29,515**
Purchase of intangible assets		-749	-2,513	-707	-2,060
Sale of intangible assets		-	-	1,017	-
Purchase of property, plant and equipment		-21,196	-19,115	-14,244	-13,602
Sale of property, plant and equipment		27,439	1,167	47,823	1,038
Sale of securities		-	42,346	-	42,346
Capital injection in subsidiary	17	-	-	-37,418	-
Loan to subsidiary		-	-	-	-14,043
Acquisition of subsidiary		-	-47,106	-	-47,106
Cash flow from investing activities		**5,494**	**-25,221**	**-3,529**	**-33,427**

		Group		Parent company	
Amounts in DKK'000	**Note**	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Loans to subsidiaries		-	-	-23,841	-10,339
Repaid loan on acquisition of subsidiary		-	-11,295	-	-
Operating credits used		-27,808	63,453	-27,808	63,453
Lease payments	16	-3,458	-1,073	-25	-16
Raising of debt with credit institution		29,754	9,672	-	9,672
Repayment of debt to credit institution		-381	-232	-381	-232
Cash flow from financing activities		**-1,893**	**60,525**	**-52,055**	**62,538**
Change in cash and cash equivalents		21,380	8,267	27,469	-404
Cash and cash equivalents at beginning of year		11,884	3,677	990	1,454
Value adjustment of cash and cash equivalents		-29	-60	-29	-60
Cash and cash equivalents at end of year		**33,235**	**11,884**	**28,430**	**990**

Overview of notes to the financial statements

Notes to the financial statements

1. Accounting policies

Roblon A/S is a public limited company domiciled in Denmark. The financial statements part of the annual report for the period 1 November 2022 – 31 October 2023 comprises the consolidated financial statements of Roblon A/S and its subsidiaries (the Group) and the financial statements of the parent company. Roblon A/S presents its annual report under the rules applying to reporting class D.

The consolidated and parent company financial statements of Roblon A/S for 2022/23 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 2023, the Board of Directors and Executive Management considered and approved the annual report of Roblon A/S for 2022/23. The annual report will be submitted to Roblon A/S' shareholders for adoption at the annual general meeting to be held on 25 January 2024.

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 32 to the financial statements, have been applied consistently for the financial year and for the comparative figures. The comparative figures have been reclassified for a few items. Such reclassifications affect neither profit/loss nor equity. For standards implemented prospectively, comparative figures are not restated.

The full wording of the accounting policies is set out in note 32 to the financial statements.

Implementation of new standards and interpretations
Roblon A/S has implemented the standards and interpretations that are effective for 2022/23, which has not resulted in significant changes to the accounting policies. New and amended standards are implemented when they come into force.

IASB has issued new standards, amendments to existing standards and interpretations, which are not yet in force but will come into force in 2023/24 or later. These are not expected to have a significant influence on Roblon's financial statements.

Notes to the financial statements

2. Uncertainties and estimates

In applying the Group's accounting policies as described in note 32 to the financial statements, Management is required to make judgements, estimates and assumptions concerning the carrying amounts of assets and liabilities which cannot be immediately inferred from other sources.

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

Significant accounting judgements, estimates, assumptions and uncertainties

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 2022/23 consolidated financial statements, the following key assumptions and uncertainties should be noted:

Trademarks and customer relations in Roblon US Inc.

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

The value of trademarks and customer relations recognised in the balance sheet at 31 October 2023 was DKKm 4.7 (DKKm 6.2), of which DKKm 3.6 (DKKm 4.9) related to Roblon US Inc.

Investments in subsidiaries

Subsidiaries are tested for impairment if events or changed circumstances indicate that the carrying amount may not be recoverable. The measurement of subsidiaries is subject to significant estimates related to the determination of various assumptions, such as expected future cash flows, discount factor and growth rates in the terminal period. The sensitivity to changes to the assumptions applied – in aggregate or separately – may be substantial.

The value of the parent company's investment in Roblon US Inc. recognised in the balance sheet at 31 October 2023 was DKKm 65.2 (DKKm 27.8). The value of the parent company's non-current receivable from Roblon US Inc., which is considered part of the net investment, was recognised in the balance sheet in the amount of DKKm 34.2 at 31 October 2023 (DKKm 0.0).

The value of the parent company's investment in ROBLON-VAMAFIL, s.r.o. recognised in the balance sheet at 31 October 2023 was DKKm 54.4 (DKKm 54.4).

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 write-down policy, 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 2023 was DKKm 98.0 (DKKm 114.5). Total inventory write-down at 31 October 2023 was DKKm 6.5 (DKKm 6.8).

Notes to the financial statements

3. Revenue

The Group's revenue is primarily generated from sales of physical products used by the Company's customers in their production or in projects.

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Revenue from external customers:				
By product group				
FOC	192,504	272,192	80,472	121,202
Composite	157,590	108,667	120,996	79,627
Total	**350,094**	**380,859**	**201,468**	**200,829**
By geographical market				
Denmark	9,540	5,181	8,827	4,434
United Kingdom	58,075	34,684	56,454	34,653
Italy	12,215	14,606	11,371	14,386
Rest of Europe	91,334	87,025	55,105	65,844
Asia	24,093	30,194	19,684	29,872
Brazil	35,598	39,396	35,558	39,396
Latin America	5,624	6,231	889	1,111
USA	113,615	163,542	13,580	11,133
Total	**350,094**	**380,859**	**201,468**	**200,829**

Of the Group's non-current assets, DKKm 43.0 (DKKm 62.5) were located in Denmark, DKKm 31.4 (DKKm 35.5) in the USA and DKKm 61.5 (DKKm 55.8) in the Czech Republic.

Several of Roblon's customers are groups comprising several production companies. The revenue of individual customers is determined as the total revenue of all companies within the individual customer's group.

Of the Group's total revenue, two individual customers each accounted for more than 10%. Revenue generated from these customers amounted to DKKm 55.1 and DKKm 38.6, respectively. Last year, three individual customers each accounted for more than 10% of the Group's total revenue. Revenue generated from these customers amounted to DKKm 55.1, DKKm 48.7 and DKKm 41.9, respectively.

The USD/DKK exchange rate development adversely affected the Group's reported revenue by DKKm 7.6 relative to the expected USD/DKK exchange rate of 740. The CZK/DKK exchange rate development positively affected the Group's reported revenue by DKKm 2.2 relative to the expected CZK/DKK exchange rate of 30.

4. Cost of sales

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Cost of sales	181,159	198,159	106,343	108,463
Change in inventory write-down	-364	1,550	1	232
Total	**180,795**	**199,709**	**106,344**	**108,695**

5. Work carried out for own account and capitalised

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Work carried out for own account and capitalised as intangible assets, see note 14	384	694	384	694
Work carried out for own account and capitalised as property, plant and equipment, see note 15	2,836	1,527	2,836	1,527
Total	**3,220**	**2,221**	**3,220**	**2,221**

6. Other operating income

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Profit/loss from sale of non-current assets	103	975	8,705	801
Management fee, subsidiary	-	-	9,843	7,148
Rental income	614	845	610	646
Total	**717**	**1,820**	**19,158**	**8,595**

Notes to the financial statements

7. Fees to auditors appointed in general meeting

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
PwC				
Fee for statutory audit of financial statements	690	738	418	480
Fees for tax advice	68	64	-	-
Fees for other services	-	128	-	128
Total	**758**	**930**	**418**	**608**

Fees for tax advice and other services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to DKKt 68 (DKKt 192) and consisted in tax advice.

Fees for audit and other services for the subsidiary Roblon US Inc. amounted to DKKt 238 (DKKt 224). The audit was performed by a local audit firm, RH Accounting.

8. Staff costs

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Wages and salaries	102,794	104,911	55,470	58,901
Defined contribution plans	10,580	8,959	4,569	4,243
Other social security costs	9,355	10,307	1,216	1,577
Cost reimbursement received from public authorities	-1,035	-1,127	-1,035	-1,127
Total	**121,694**	**123,050**	**60,220**	**63,594**
Remuneration, parent company Board of Directors	1,210	1,210	1,210	1,210
Remuneration, parent company Executive Management	6,442	6,648	6,442	6,648
Pension contributions, parent company Executive Management	526	508	526	508
Total remuneration and pensions, parent company Executive Management	6,968	7,156	6,968	7,156
Total remuneration and pensions, parent company Board of Directors and Executive Management	8,178	8,366	8,178	8,366
Remuneration, senior employees	14,435	9,437	6,893	5,444
Pension contributions, senior employees	1,463	759	610	417
Total remuneration and pensions, senior employees	15,898	10,196	7,503	5,861
Total remuneration and pensions, Board of Directors, Executive Management and senior employees	24,076	18,562	15,681	14,227
The Group only has defined contribution plans and pays regular contributions to an independent pension company. Consequently, Roblon is not exposed to any risk in relation to future interest, inflation, mortality, disability rate developments, etc. in respect of the amount eventually payable to the employee.				
Average number of full-time employees	271	279	85	100

The increase in 'Total remuneration and pensions, senior employees' for the parent company and the Group relates to an expansion of the parent company's management team and the establishment of management teams in the two subsidiaries during the 2022/23 financial year. The changes were largely effected with employees who were also employed in 2021/22 but were not listed under senior employees in the above table.

Notes to the financial statements

9. Special items

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Expenses related to relocation to Czech Republic	-	-6,782	-	-6,782
Profit from sale of head office in Frederikshavn	17,912	-	17,912	-
Total	**17,912**	**-6,782**	**17,912**	**-6,782**

10. Financial income

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Other interest income	25	5	25	5
Interest income from subsidiaries	-	-	2,309	1,336
Foreign exchange gain and adjustment (net)	829	10,583	-	10,654
Financial income at amortised cost	854	10,588	2,334	11,995
Market value gain on securities	-	663	-	663
Financial income at fair value	-	663	-	663
Total financial income	**854**	**11,251**	**2,334**	**12,658**

11. Financial expenses

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Other interest expenses	146	5	6	5
Interest, credit institutions	3,596	1,272	3,476	1,289
Interest, lease liability	287	365	10	8
Foreign exchange loss and adjustment (net)	1,867	-	2,803	-
Financial expenses at amortised cost	5,896	1,642	6,295	1,302
Market value loss on securities	-	351	-	351
Financial expenses at fair value	-	351	-	351
Total financial expenses	**5,896**	**1,993**	**6,295**	**1,653**

12. Tax on profit/loss for the year

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Tax for the year is specified as follows:				
Tax on profit/loss for the year from continuing operations	1,449	981	6,670	1,735
Tax regarding discontinued operations	-	150	-	150
Tax on comprehensive income	-547	-	-	-
Tax on profit/loss for the year	**902**	**1,131**	**6,670**	**1,885**
Tax on profit/loss for the year is calculated as follows:				
Current tax	4,615	3,251	4,726	1,881
Tax, comprehensive income	-547	-	-	-
Deferred tax	-3,021	-2,210	1,944	4
Prior-year tax adjustments	-145	90	-	-
	902	**1,131**	**6,670**	**1,885**
Calculated tax on profit/loss before tax	-1,243	-148	7,903	1,348
Tax effect of:				
Non-deductible items	9	1,037	9	649
Other adjustments	-1,330	280	-1,518	16
Prior-year tax adjustments	145	90	-	-
Adjustment of deferred tax re. prior years	162	-128	276	-128
Write-down of deferred tax asset	2,763	-	-	-
Difference in tax rates	396	-	-	-
Total	**902**	**1,131**	**6,670**	**1,885**
Effective tax rate	-16.0%	-168.1%	18.6%	30.8%

Notes to the financial statements

13. Earnings per share (DKK)

	Group	
Amounts in DKK'000	**2022/23**	**2021/22**
Profit/loss for the year after tax	**-4,610**	**-2,334**
Profit/loss for the year after tax, discontinued operations	**-**	**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	-25.7	-13.0
Earnings per A share, discontinued operations	-	3.0
Earnings per A share, continuing and discontinued operations	-25.7	-10.1
B shares in percent of calculated total number of shares	84.5%	84.5%
Earnings per B share, continuing operations	-2.6	-1.3
Earnings per B share, discontinued operations	-	0.3
Earnings per B share, continuing and discontinued operations (EPS)	-2.6	-1.0

14. 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 the accounting policy in note 32 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 11% (10%). The write-down of the development project amounted to DKKm 0.0 (DKKm 0.2).

Completed development projects are tested for impairment in the same way as development projects in progress if there is evidence of impairment.

In the financial year 2022/23, development costs in the amount of DKKm 5.4 (DKKm 5.0) were expensed.

Management furthermore assessed that there was evidence of impairment of trademarks and customer relations in Roblon US Inc. Consequently, an impairment test of trademarks in Roblon US Inc. was performed at 31 October 2023. In the impairment test, cash flows were based on budgets and strategy plans approved by Management and a discount factor of 11%. The impairment test did not give rise to the recognition of impairment losses.

Other intangible assets, comprising a cloud-based IT solution and software developed in-house, are tested for impairment in the same way as development projects in progress if there is evidence of impairment.

Notes to the financial statements

14. Intangible assets, continued

Amounts in DKK'000	Group: Completed devel-opment projects	Group: Develop-ment projects in progress	Group: Trade-marks and customer relations	Group: Other intangible assets	Parent company: Completed devel-opment projects	Parent company: Develop-ment projects in progress	Parent company: Other intangible assets
Cost at 1 November 2022	11,162	3,665	12,518	17,694	11,162	3,665	12,637
Addition of assets developed in-house	-	384	-	-	-	384	-
Other additions	-	323	-	38	-	323	-
Disposals/impairment	-	-1,017	-	-	-	-1,017	-
Foreign exchange adjustment	-	-	-710	-305	-	-	-
Transferred	923	-923	-	-	923	-923	-
Cost at 31 October 2023	**12,085**	**2,432**	**11,808**	**17,427**	**12,085**	**2,432**	**12,637**
Amortisation and impairment at 1 November 2022	4,904	-	6,325	10,222	4,904	-	8,319
Reversal on disposal	-	-	-	-	-	-	-
Amortisation for the year	1,958	-	1,167	3,589	1,958	-	2,629
Impairment for the year	-	71	-	-	-	71	-
Foreign exchange adjustment	-	-	-382	-91	-	-	-
Amortisation and impairment at 31 October 2023	**6,862**	**71**	**7,110**	**13,720**	**6,862**	**71**	**10,948**
Carrying amount at 31 October 2023	**5,223**	**2,361**	**4,698**	**3,707**	**5,223**	**2,361**	**1,689**

Amounts in DKK'000	Group: Completed devel-opment projects	Group: Develop-ment projects in progress	Group: Trade-marks and customer relations	Group: Other intangible assets	Parent company: Completed devel-opment projects	Parent company: Develop-ment projects in progress	Parent company: Other intangible assets
Cost at 1 November 2021	10,600	2,321	9,458	16,299	10,600	2,321	12,637
Addition of assets developed in-house	-	694	-	-	-	694	-
Additions on acquisition of business	-	-	1,400	269	-	-	-
Other additions	-	1,593	-	456	-	1,593	-
Disposals/impairment	-	-381	-	-	-	-381	-
Foreign exchange adjustment	-	-	1,660	670	-	-	-
Transferred	562	-562	-	-	562	-562	-
Cost at 31 October 2022	**11,162**	**3,665**	**12,518**	**17,694**	**11,162**	**3,665**	**12,637**
Amortisation and impairment at 1 November 2021	3,030	-	4,335	6,277	3,030	-	5,690
Additions on acquisition of business	-	-	-	269	-	-	-
Reversal on disposal	-	-	-	-	-	-	-
Amortisation for the year	1,874	-	1,156	3,514	1,874	-	2,629
Impairment for the year	-	-	-	-	-	-	-
Foreign exchange adjustment	-	-	834	162	-	-	-
Amortisation and impairment at 31 October 2022	**4,904**	**-**	**6,325**	**10,222**	**4,904**	**-**	**8,319**
Carrying amount at 31 October 2022	**6,258**	**3,665**	**6,193**	**7,472**	**6,258**	**3,665**	**4,318**

Notes to the financial statements

15. Property, plant and equipment

	Group					Parent company				
Amounts in DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Lease assets	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Lease assets
Cost at 1 November 2022	129,058	192,664	8,729	9,814	18,452	65,959	107,133	6,505	7,197	669
Addition of assets developed in-house	-	0	-	2,836	-	-	0	-	2,836	-
Other additions	40	2,089	59	17,598	176	40	2,089	59	8,244	176
Foreign exchange adjustment	-19	-2,533	-77	48	-1,072	-	-	-	-	-
Transfers	588	13,877	90	-14,556	-	-	10,054	-	-10,054	-
Disposals	-33,678	-3,668	-716	-	-346	-33,678	-23,696	-697	-	-346
Cost at 31 October 2023	**95,989**	**202,429**	**8,085**	**15,740**	**17,210**	**32,321**	**95,580**	**5,867**	**8,223**	**499**
Depreciation and impairment at 1 November 2022	68,994	144,972	6,721	-	7,803	50,053	83,442	5,373	-	326
Reversal on disposal	-25,199	-1,320	-397	-	-346	-25,199	-12,088	-378	-	-346
Foreign exchange adjustment	-46	-1,360	-10	-	-440	-	-	-	-	-
Depreciation for the year	4,006	12,645	736	-	2,727	1,810	5,117	428	-	188
Depreciation and impairment at 31 October 2023	**47,755**	**154,937**	**7,050**	**-**	**9,744**	**26,664**	**76,471**	**5,423**	**-**	**168**
Carrying amount at 31 October 2023	**48,234**	**47,492**	**1,035**	**15,740**	**7,466**	**5,657**	**19,109**	**444**	**8,223**	**331**

Notes to the financial statements

15. Property plant and equipment – continued

Amounts in DKK'000	Group					Parent company				
	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Lease assets	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Lease assets
Cost at 1 November 2021	65,794	133,897	7,148	1,255	15,609	65,794	105,040	6,405	217	1,255
Addition of assets developed in-house	-	1,527	-	-	-	-	1,527	-	-	-
Additions on acquisition of business	62,046	49,656	1,061	944	968	-	-	-	-	-
Other additions	165	6,172	1,153	9,650	321	165	2,268	768	8,582	321
Foreign exchange adjustment	-	5,326	156	340	2,526	-	-	-	-	-
Transfers	1,053	1,468	-110	-2,346	-65	-	1,573	-	-1,573	-
Disposals	-	-5,382	-679	-29	-907	-	-3,275	-668	-29	-907
Cost at 31 October 2022	**129,058**	**192,664**	**8,729**	**9,814**	**18,452**	**65,959**	**107,133**	**6,505**	**7,197**	**669**
Depreciation and impairment at 1 November 2021	47,888	95,178	5,635	-	4,856	47,888	81,346	5,511	-	751
Additions on acquisition of business	17,165	39,162	976	-	-	-	-	-	-	-
Reversal on disposal	-	-5,382	-679	-	-671	-	-3,275	-668	-	-671
Foreign exchange adjustment	-	2,921	30	-	865	-	-	-	-	-
Depreciation for the year	3,941	13,093	759	-	2,753	2,165	5,371	530	-	246
Depreciation and impairment at 31 October 2022	**68,994**	**144,972**	**6,721**	**-**	**7,803**	**50,053**	**83,442**	**5,373**	**-**	**326**
Carrying amount at 31 October 2022	**60,064**	**47,692**	**2,008**	**9,814**	**10,649**	**15,906**	**23,691**	**1,132**	**7,197**	**343**

Notes to the financial statements

16. Leases

Amounts in DKK'000	Group 2022/23	Group 2021/22	Parent company 2022/23	Parent company 2021/22
Roblon's lease assets comprise leased production and warehouse facilities in Roblon US and Vamafil and operating equipment in Roblon US. The parent company's lease assets comprise leased cars only.				
Income statement items relating to leases				
Lease costs for leases of short duration	232	172	232	172
Depreciation, leased buildings	1,700	3,030	-	-
Depreciation, other leased fixtures and fittings, tools and equipment	587	588	188	246
Interest expenses related to lease liabilities	287	365	10	8
Total	**2,806**	**4,155**	**430**	**426**

Including interest	Group 2022/23	Group 2021/22	Parent company 2022/23	Parent company 2021/22
Lease liabilities				
Less than one year	2,911	3,169	174	172
Between one and five years	5,510	8,775	172	187
Total	**8,420**	**11,944**	**346**	**359**
Cash flows from leasing activities				
Lease liability raised	176	321	176	321
Lease liability settled	-	-110	-	-110
Payment of lease payments, including interest	-3,634	-1,284	-201	-227
Total	**-3,458**	**-1,073**	**-25**	**-16**

Amounts in DKK'000	Group: Land and buildings	Group: Other fixtures and fittings, tools and equipment	Parent company: Other fixtures and fittings, tools and equipment
Balance sheet items relating to leases			
Cost at 1 November 2022	16,424	2,028	669
Additions	-	176	176
Disposals	-	-346	-346
Transfers	-	-	-
Foreign exchange adjustment	-985	-87	-
Cost at 31 October 2023	**15,439**	**1,771**	**499**
Depreciation at 1 November 2022	6,757	1,046	326
Reversal on disposal	-	-346	-346
Depreciation for the year	2,100	622	188
Foreign exchange adjustment	-400	-35	-
Depreciation at 31 October 2023	**8,457**	**1,287**	**168**
Carrying amount at 31 October 2023	**6,982**	**484**	**331**
Cost at 1 November 2021	13,197	2,412	1,255
Additions	-	321	321
Additions on acquisition of business	968	-	-
Disposals	-	-907	-907
Transfers	-65	-	-
Foreign exchange adjustment	2,324	202	-
Cost at 31 October 2022	**16,424**	**2,028**	**669**
Depreciation at 1 November 2021	3,727	1,129	751
Reversal on disposal	-	-671	-671
Depreciation for the year	2,245	508	246
Foreign exchange adjustment	785	80	-
Depreciation at 31 October 2022	**6,757**	**1,046**	**326**
Carrying amount at 31 October 2022	**9,667**	**982**	**343**

Notes to the financial statements

16. Leases – continued

The useful lives of lease assets are assessed based on the terms and conditions of the lease. If the lease includes an option to extend the lease term, Management assesses the period for which it reasonably expects the lease to be extended. For Roblon's lease of office and factory premises in the USA, the useful life is assessed to be the remaining term of the lease plus an agreed three-year extension period. At 31 October 2023, the total useful life of the lease is six years. Roblon's lease of warehouse facilities in the Czech Republic has a useful life of three years in accordance with the lease.

The scope of the Group's leases, exposure to potential cash flows and the Group's process for determining the discount rate are described in the accounting policies, note 32.

17. Investments in subsidiaries

	Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**
Cost at 1 November	82,237	27,796
Additions	37,418	54,441
Cost at 31 October	**119,655**	**82,237**

Name	**Registered office**	**Ownership**	**Share capital**
Roblon US Inc.	North Carolina	100%	USD 78
ROBLON-VAMAFIL, s.r.o.	Czech Republic	100%	CZK 1,202

Additions for the year under review comprised the conversion of intra-group balances in Roblon's US subsidiary at 1 November 2022.

Investment in the subsidiary Roblon US Inc.
Based on the earnings development in 2022/23, Management assessed that there was evidence of impairment of the investment in Roblon US Inc. Consequently, an impairment test was performed at 31 October 2023, which did not give rise to the recognition of impairment losses.

Investment in subsidiary ROBLON-VAMAFIL, s.r.o.
Based on the earnings development in 2022/23, Management assessed that there was evidence of impairment of the investment in ROBLON-VAMAFIL, s.r.o. Consequently, an impairment test was performed at 31 October 2023, which did not give rise to the recognition of impairment losses.

18. Inventories

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Raw materials and consumables	52,027	73,421	25,176	32,139
Work in progress	22,857	17,413	18,610	15,858
Finished goods	23,123	23,633	5,358	11,846
Total	**98,007**	**114,467**	**49,144**	**59,843**
Inventory write-downs:				
Write-downs at 1 November	6,847	5,297	4,584	4,352
Write-downs for the year	-364	1,550	1	232
Write-downs at 31 October	**6,483**	**6,847**	**4,585**	**4,584**

In total, the Group's write-downs for obsolescence amounted to DKKm 6.5 (DKKm 6.8), equalling a write-down ratio of 6.2% (5.6%) of the calculated gross value of the inventories.

In total, the parent company's write-downs for obsolescence amounted to DKKm 4.6 (DKKm 4.6), equalling a write-down ratio of 8.5% (7.1%) of the calculated gross value of the inventories.

Notes to the financial statements

19. Trade receivables

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Trade receivables	83,585	83,618	66,668	58,154
Trade receivables	**83,585**	**83,618**	**66,668**	**58,154**

Of total trade receivables, DKKm 58.0 (DKKm 58.7) were secured by letter of credit, other third-party security or by credit insurance.

Provision for impairment of trade receivables is made based on an expected credit loss model. The calculated impairment was DKKt 614 (DKKt 740). Trade receivables are written down to net realisable value. See also the section on credit risk in note 24 Financial risks.

Provisions at 1 November	740	38	534	38
Adjustment on acquisition	-	209	-	-
Reversed provisions	-258	-41	-52	-38
Losses recorded for the year	-	24	-	24
Provisions for losses for the year	132	510	132	510
Provisions at 31 October	**614**	**740**	**614**	**534**

20. Share capital

	Number		Nominal value, Amounts in DKK'000	
	2022/23	**2021/22**	**2022/23**	**2021/22**
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**

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 has been fully paid up.

The A shares are not listed.

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

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

Notes to the financial statements

21. Deferred tax assets and liabilities

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Deferred tax at 1 November	2,010	4,039	-1,762	-191
Adjustment, beginning of year/Adjustment on acquisition	-	-3,346	-	128
Deferred tax for the year recognised in profit/loss for the year	4,012	594	-1,944	-1,699
Foreign exchange adjustment	-439	723	-	-
Deferred tax at 31 October	**5,583**	**2,010**	**-3,706**	**-1,762**
Deferred tax assets	13,640	6,886	-	-
Deferred tax liabilities	-8,057	-4,876	-3,706	-1,762
Net deferred tax at 31 October	**5,583**	**2,010**	**-3,706**	**-1,762**
The provision for deferred tax relates to:				
Current assets	595	794	595	794
Intangible assets	1,602	2,744	2,040	3,134
Property, plant and equipment	4,757	6,658	1,861	880
Tax loss carry-forward	-11,499	-11,277	-	-2,117
Current liabilities	-248	-	-	-
Non-current liabilities	-790	-929	-790	-929
Total	**-5,583**	**-2,010**	**3,706**	**1,762**

The Group's deferred tax assets at 31 October 2023 mainly consisted of tax losses carried forward for future set-off in the Group's subsidiaries, and primarily in the US subsidiary. The tax losses are due to accumulated operating losses and investments.

Under the current rules, tax losses in the USA can be carried forward indefinitely and set off against future positive taxable income. However, there is a built-in limitation providing an 80% cap on tax loss carryforwards being offset in a single year.

Accordingly, deferred tax assets arising from tax loss carryforwards in the US subsidiary have been reduced by DKKm 2.8 and are therefore not included in the Group's total deferred tax assets, which at 31 October 2023 were recognised in the amount of DKKm 13.6.

Roblon's US subsidiary is expected to see revenue and earnings growth in the coming years, supported by the following:

- Roblon US Inc. is centrally located in the FOC cluster in North and South Carolina, in close proximity to the largest customers. Roblon has positioned itself as a competitive and local provider to the largest manufacturers of fibre optic cables in the US market.
- The Group has completed its planned investment programmes for the expansion of production technology in the USA aimed at increasing productivity and capacity.
- Following a market downturn in 2023, CRU[1] and FOC market players expect the market downturn in the USA to be confined to 2023. The situation is expected to normalise in 2024, when CRU expects the market to return to the 2022 level, followed by a compound annual growth ratio (CAGR) for the period to 2028 of around 10-11%.
- As part of a major infrastructure plan, the US government has provided USDbn 42.5 in funding for accelerated roll-out of telecommunications (broadband) in the USA (BEAD[2]). CRU expects to see the launch of more BEAD projects in the first half of 2024, and these government stimulus projects will be subject to the Build America, Buy America (BABA) Act[3]. Roblon is one of three major US manufacturers of fibre optic cable components. BEAD and BABA are expected to boost the Group's growth potential in the coming years.

It is deemed highly probable that the Group will generate sufficient earnings within a few years for the deferred tax asset to be utilised.

[1] CRU analyses various industries, including the FOC industry, and provides business intelligence. For more information, go to https://www.crugroup.com/.

[2] https://broadbandusa.ntia.doc.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.

[3] https://www.epa.gov/cwsrf/build-america-buy-america-baba.

Notes to the financial statements

22. Debt to credit institutions

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Debt to credit institutions relates to:				
Mortgage debt, mortgage credit institutions	9,059	9,440	9,059	9,440
Debt, bank	30,801	-	-	-
Total carrying amount	**39,860**	**9,440**	**9,059**	**9,440**
Debt to credit institutions is recognised in the balance sheet as follows:				
Non-current liabilities	35,870	9,059	8,669	9,059
Current liabilities	3,990	381	390	381
Total carrying amount	**39,860**	**9,440**	**9,059**	**9,440**
The contractual cash flows of debt to credit institutions fall due as follows:				
Less than one year	5,855	732	727	732
Between one and five years	21,496	2,878	2,857	2,878
More than five years	22,951	9,624	8,917	9,624
Total carrying amount	**50,302**	**13,234**	**12,501**	**13,234**

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments. Interest payments are estimated on the basis of current market conditions.

23. Other provisions

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Other provisions at 1 November	357	-	357	-
Additions during the period	428	357	-	357
Used during the period	-195	-	-195	-
Other provisions at 31 October	**590**	**357**	**162**	**357**

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

24. Financial risk

Amounts in DKK'000	Group 31.10. 2023	Group 31.10. 2022
Specification of financial assets and liabilities		
Trade receivables	83,585	83,618
Other receivables	1,457	1,970
Cash and cash equivalents	33,235	11,884
Financial assets at amortised cost	**118,277**	**97,472**
Lease liability	8,092	11,299
Debt to credit institutions	39,860	9,440
Operating credits	54,973	82,781
Advance payments	2,829	5,401
Trade payables	23,692	25,531
Financial liabilities at amortised cost	**129,446**	**134,452**

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 and unutilised credit facilities.

Schedule of maturities of financial liabilities:

Amounts in DKK'000	Group 31.10. 2023	Group 31.10. 2022
Less than one year	90,664	117,614
Between one and five years	27,006	11,653
More than five years	22,951	9,624
Total	**140,621**	**138,891**

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.

Currency risk

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

Roblon's foreign exchange policy is to ensure that, whenever possible, transactions are made in DKK and EUR, as transactions in EUR are not considered to involve risk due to the fixed exchange rate policy. Roblon's results and financial position may be affected by fluctuations in USD and CZK against 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 2023 stated in DKK:

Amounts in DKK'000	Receivables/ cash and cash equivalents	Debt	Net position
Currency			
EUR	69,410	-11,233	58,177
USD	67,272	-6,045	61,227
GBP	1,010	-	1,010
CZK	274	-1,017	-743
Total	**137,966**	**-18,295**	**119,671**

A 10% depreciation of the USD/DKK exchange rate at the balance sheet date would negatively affect comprehensive income and equity by approximately DKKm 6.1 (DKKm 10.3). A 10% appreciation of the USD/DKK exchange rate at the balance sheet date would positively affect comprehensive income and equity by approximately DKKm 6.1 (DKKm 10.3).

A 10% depreciation of the CZK/DKK exchange rate at the balance sheet date would positively affect comprehensive income and equity by approximately DKKm 0.1 (DKKm 0.2).
A 10% appreciation of the CZK/DKK exchange rate at the balance sheet date would negatively affect comprehensive income and equity by approximately DKKm 0.1 (DKKm 0.2).

Notes to the financial statements

24. Financial risk – continued

The Group's currency positions at 31 October 2022 stated in DKK:

Amounts in DKK'000	Receivables/ cash and cash equivalents	Debt	Net position
Currency			
EUR	61,875	-10,623	51,252
USD	108,400	-5,223	103,177
GBP	781	-21	760
CZK	470	-2,544	-2,074
Total	**171,526**	**-18,411**	**153,115**

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

Interest rate risk

The Group has three credit facilities. In addition, the Group has a limited guarantee of DKKm 3.

Amounts in DKK'000	Currency	Interest rate	Credit max in DKK	Draw-down at 31/10/2023
Operating credit	DKK	Danske BOR 3 mths. + margin	5,000	-
Operating credit	DKK	CIBOR 3 mths. + margin	80,000	54,973
Operating credit (EURt 400)	EUR	EURIBOR 1 mth. + margin	2,986	-
Total			**87,986**	**54,973**

Amounts in DKK'000	Currency	Interest rate	Principal	Outstanding at 31/10/2023
Debt to credit institution	DKK	Fixed interest	9,861	9,059
Debt to credit institution	EUR	EURIBOR 1 mth. + margin	12,418	12,418
Debt to credit institution	EUR	EURIBOR 1 mth. + margin	18,383	18,383
Total			**40,662**	**39,860**

Amounts in DKK'000	Currency	Interest rate	Credit max in DKK	Draw-down at 31/10/2022
Operating credit	DKK	Danske BOR 3 mths. + margin	5,000	-
Operating credit	DKK	CIBOR 3 mths. + margin	100,000	82,781
Operating credit (EURt 400)	EUR	EURIBOR 1 mth. + margin	2,978	-
Total			**107,978**	**82,781**

Amounts in DKK'000	Currency	Interest rate	Principal	Outstanding at 31/10/2022
Debt to credit institution	DKK	Fixed interest	9,861	9,440
Total			**9,861**	**9,440**

The operating credit facilities carry interest at one to three-months floating market rate plus a fixed margin. In 2022/23, the aggregate interest rate was less than 6% (less than 3%).

Floating-rate debt to credit institutions carries interest at one-month floating market rate plus a fixed margin. In 2022/23, the aggregate interest rate was 5.15%.

As the Group has interest-bearing debt in the form of the above credit facilities, its risk exposure to market rate fluctuations is of some significance.

A one percentage point p.a. increase in the market rate relative to the interest rate level at the balance sheet date would have a negative effect of DKKm 0.9 (DKKm 0.8) before tax on the Group's results and equity related to an interest expense on operating credits and debt to credit institutions. The calculation is based on actual credit draw-down at 31 October 2023.

A one percentage point p.a. decrease in the market rate relative to the interest rate level at the balance sheet date would have a positive effect of DKKm 0.9 (DKKm 0.8) before tax on the Group's results and equity related to an interest expense on operating credits and debt to credit institutions. The calculation is based on actual credit draw-down at 31 October 2023.

Notes to the financial statements

24. Financial risk – continued

Liquidity risk:
The Group ensures sufficient liquidity to support the ongoing financing of future operations and investments through current cash management and by establishing the necessary credit facilities.

The Group's cash reserve consists of the following:

Amounts in DKK'000	2022/23	2021/22
Cash and cash equivalents	33,235	11,884
Unutilised credit facilities	33,013	25,197
Total	**66,248**	**37,081**

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 individually 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 2023, 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 19, Trade receivables.

Of the amount of total trade receivables, DKKm 58.0 (DKKm 58.7) was secured by letter of credit, other third-party security or by credit insurance.

The parent company's receivable with the subsidiary Roblon US Inc. arose from continuous operating losses, investment in improvement of the subsidiary's production facilities and implementation of a new ERP system matching that of the parent company. Roblon US Inc. has no interest-bearing external financing with credit institutions or the like.

During the financial year, the parent company converted part of a receivable from Roblon US Inc. into an equity investment of DKKm 37.4 and part of the receivable into a non-current receivable of DKKm 34.2.

Roblon US Inc. is expected to generate increased revenue and earnings in the coming years, as further detailed in note 21. Accordingly, it is deemed more likely than not that the subsidiary will generate positive cash flows within a few years, so that the company will be able to repay the parent company's receivable. This was substantiated by the impairment test of Roblon US Inc. performed at 31 October 2023.

The parent company's receivable from the subsidiary ROBLON-VAMAFIL, s.r.o. was paid down to DKKm 1.7 (DKKm 10.3) during the financial year.

Based on this, the risk of losses on subsidiaries in accordance with the expected credit loss model is assessed to be low at around 0-1%, which is assessed to be immaterial to the parent company's balance sheet. Consequently, no loss has been recognised with respect to the parent company's receivables from subsidiaries.

The receivables from subsidiaries carry interest on market terms and have not yet fallen due.

Trade receivables in subsidiaries are specified as follows:

	Group		Parent company	
Amounts in DKK'000	31/10/2023	31/10/2022	31/10/2023	31/10/2022
Not yet due	61,135	77,805	69,445	133,623
Overdue by up to one month	18,036	4,692	14,864	3,440
Overdue by between one and three months	3,260	594	2,282	398
Overdue by between three and six months	447	-	319	-
Overdue by more than six months	707	527	707	527
Total	**83,585**	**83,618**	**87,617**	**137,988**

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

Specifically with respect to overdue receivables, a loss provision of DKKt 614 (DKKt 740) was made for the Group at 31 October 2023.

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 the previous year.

The Group's capital structure consists of 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 an interim dividend distribution to the shareholders for a given financial year.

Notes to the financial statements

25. Contingent liabilities

Bank guarantees have been provided in the amount of DKKm 1.4 (DKKm 1.4) as security for advance payments received.

Roblon A/S is taxed jointly in Denmark with ES Holding Frederikshavn ApS as the administration company. Pursuant to the 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.

The Group has taken out a 20-year cash mortgage loan on the property in Gærum, Denmark. The carrying amount of the property is DKKm 5.7. At 31 October 2023, the outstanding debt on the loan was DKKm 9.1.

During the 2022/23 financial year, the Group took out a 7-year cash loan. At 31 October 2023, the outstanding debt on the loan was DKKm 12.4. During the 2022/23 financial year, the Group also took out a 10-year cash loan. At 31 October 2023, the outstanding debt on the loan was DKKm 18.4. Both loans are secured against the property located in Žďár nad sázavouz, the Czech Republic for an amount of CZKm 100, corresponding to DKKm 30.4. The carrying amount of the property is DKKm 35.1.

26. Adjustment for non-cash items

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Profit/loss from sale of property, plant and equipment	-18,015	-975	-26,617	-801
Depreciation, amortisation and impairment	26,899	27,245	12,201	12,970
Provisions	233	357	-195	357
Foreign exchange adjustment	-1,662	7,221	-2,803	10,654
Total	**7,455**	**33,848**	**-17,414**	**23,180**

27. Change in working capital

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Change in inventories	16,460	-36,645	10,699	-11,449
Change in receivables	-300	-23,955	50,834	-40,899
Change in current liabilities	-1,581	9,038	644	2,292
Total	**14,579**	**-51,562**	**62,177**	**-50,056**

28. Discontinued operations

	Group		Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**	**2022/23**	**2021/22**
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 3.1 loss provision for the full amount of the loan, including accrued interest. During the 2021/22 financial year, Roblon received total repayments of DKKm 0.7.				
Income statement, discontinued operations				
Net proceeds from divestment of operation	-	680	-	680
Tax on this amount	-	-150	-	-150
Profit/loss for the year	**-**	**530**	**-**	**530**
Receivable regarding sale of discontinued operation				
Receivable from buyer of divested operation	2,422	3,102	2,422	3,102
Reversed impairment, beginning of year	-	-680	-	-680
Impairment write-down	-2,422	-2,422	-2,422	-2,422
Total	**-**	**-**	**-**	**-**

Notes to the financial statements

29. 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 subsidiaries Roblon US Inc. and ROBLON-VAMAFIL, s.r.o.

Roblon A/S is comprised by the consolidated financial statements of ES Holding Frederikshavn ApS.

Board of Directors and Executive Management
Management's remuneration is disclosed in note 8.

ES Holding Frederikshavn ApS, Prøvestens Alle 1, DK-3450 Allerød 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 of DKKm 0.1 (DKKm 2.1).

	Parent company	
Amounts in DKK'000	**2022/23**	**2021/22**
Transactions with the subsidiaries Roblon US Inc. and ROBLON-VAMAFIL, s.r.o.		
Sale of goods to subsidiaries	4,476	8,206
Purchase of goods from subsidiaries	13,009	9,918
Management fees from subsidiaries	7,162	5,049
Reinvoiced expenses from parent companies	8,530	4,543
Reinvoiced expenses from subsidiaries	241	408
Interest income from subsidiaries	2,309	1,337
Relocation of production and business to subsidiary	21,241	-
Amount owed by subsidiaries	21,034	79,834
Loan to subsidiary	34,180	10,339

30. Shareholder information

	Ownership %		Voting share %	
	31.10. 2023	**31.10. 2022**	**31.10. 2023**	**31.10. 2022**
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, Prøvestens Allé 1, DK-3450 Allerød	25.1	25.1	68.8	68.8
ATP, CVR no. 43405810, Kongens Vænge 8, DK-3400 Hillerød	7.2	7.2	3.0	3.0

31. Events after the balance sheet date

No significant events have occurred after the balance sheet date of 31 October 2023 of significance to the annual report.

Notes to the financial statements

32. 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.

The annual report is presented in accordance with the existing requirements under the European Single Electronic Format (ESEF). The annual report's primary statements have been tagged, as have the notes. iXBRL tagging has been made in accordance with the ESEF taxonomy, which forms part of the ESEF Regulation and was developed on the basis of the IFRS taxonomy issued by the IFRS. The annual report filed with the Danish authorities consists of a special technical zip file containing an XHTML document.

Segment information
Based on the internal reporting to Roblon's parent company Board of Directors, the segment reporting comprises a single segment.

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/loss 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.

Consolidated financial statements
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 adjustment at the exchange rates at the balance sheet date of balances that are considered part of the net investment is recognised via other comprehensive income as a separate translation reserve under equity.

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.

Notes to the financial statements

32. Accounting policies – continued

Income statement

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

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. Material public subsidies are included in other operating income. Public subsidies comprise remissible loans granted by public authorities. Remissible loans are recognised in liabilities until it is highly probable that the conditions for remission of the debt are met.

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 wages and salaries, including pensions and social security 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/loss 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 customer relations acquired in business combinations are measured at cost less accumulated amortisation and impairment losses.

Trademarks and customer relations are amortised on a straight-line basis over ten years.

Other intangible assets, comprising ERP and other software supporting the business, are measured at cost less accumulated amortisation and impairment losses.

Other intangible assets are amortised on a straight-line basis over three to ten 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.

Notes to the financial statements

32. Accounting policies – continued

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	25-30 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 and the carrying amount at the selling date. Profits or losses are recognised in the income statement under other operating income and expenses.

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

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

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

Lease assets and liabilities
A right-of-use asset (lease asset) and a lease liability are recognised in the balance sheet when, under a lease, a specific identifiable asset is made available for the Group's use for the lease term and when the Group obtains substantially all of the economic benefits from the use, and the right to direct the use, of the identified asset. On initial recognition, lease assets are recognised in the balance sheet at the present value of lease payments discounted over the lease term, with recognition of a corresponding lease liability.

If the lease includes an option to extend the lease term, Management assesses the period for which it reasonably expects the lease to be extended. Leases with a total term of less than 12 months are not recognised, unless they contain an extension option that is expected to be exercised. On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The lease liability is recalculated if changes are made to the lease or if the Group changes its assessment of the lease term.

The useful lives of lease assets are assessed based on the terms and conditions of the lease. For Roblon's lease of office and factory premises in the USA, the useful life is assessed to be the remaining term of the lease plus an agreed three-year extension period. At At 31 October 2023, the total useful life of the lease is six years.

The lease liability is reduced by regular lease payments, and in the income statement, depreciation of the lease asset is recognised, calculated on the basis of the useful life of the lease asset and the interest expense on the lease liability.

The basis of depreciation is the cost of the asset, equalling the discounted value plus any upfront payment. Depreciation is calculated according to the straight-line method over the estimated useful life.

Cars	1-5 years
Other fixtures and fittings, tools and equipment	5 years
Buildings	4-7 years

Investments in subsidiaries in the annual report of the parent company
Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, the asset is written down to its lower value.

Inventories
Inventories are measured at cost in accordance with the FIFO method. If the net realisable value is lower than the cost, the asset is written down to its 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.

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.

Notes to the financial statements

32. Accounting policies – continued

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.

Financial liabilities
Financial liabilities are recognised at the date of borrowing at fair value less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost according to the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Financial liabilities also include the capitalised residual lease liability under finance leases, measured at amortised cost.

Debt
Current liabilities, which comprise trade payables, advance payments received from customers and other payables, are measured at amortised cost, usually corresponding to nominal value.

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

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

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

33. Key figure 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/loss * 100 / revenue
EBIT margin	Operating profit/loss (EBIT) before special items * 100 / revenue
ROIC/return on average invested capital	Operating profit/loss (EBIT) before special items * 100 / average invested capital Invested capital comprises equity and income tax less cash and securities
Equity ratio	Equity * 100 / total assets at year end
Return on equity	Profit/loss after tax * 100 / average equity
Working capital	Inventories + receivables - current liabilities (adjusted for tax operating credit and leases)
Working capital, % of revenue	Working capital * 100 / revenue
Average no. of full-time employees	Total ATP contribution / ATP rate for a full-time employee (or similar)
Gross profit per full-time employee	Gross profit / average no. of full-time employees
Earnings per DKK 20 share (EPS)	Profit/loss after tax / average number of shares (ex. treasury shares), calculated in accordance with IAS 33
Price/earnings ratio (PE)	Market price / earnings per DKK 20 share (B shares)
Payout ratio	Total dividend payment * 100 / profit/loss after tax
Cash flow from operations per DKK 20 share	Cash flows from operating activities / average number of shares (ex. treasury shares)
Book value of shares	Equity / number of shares at year end (ex. treasury shares)
Price/book value	Quoted year-end market price / book value of shares

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