

Roblon's full-year guidance for 2022/23 and 2023/24

Based on revenue, EBITDA and EBIT for the first 11 months and expected revenue and earnings for October 2023, Management lowers its full-year guidance for 2022/23 as follows:

- Revenue of around DKKm 345, against the previously guided lower end of the DKKm 360-380 range (2021/22: DKKm 380.9).
- Operating profit before depreciation, amortisation and impairment and special items (EBITDA) of around DKKm 10, against the previously guided lower end of the DKKm 18-28 range (2021/22: DKKm 23.4).
- Operating loss before special items (EBIT) of around DKKm 18, against the previously guided operating loss at the lower end of the DKKm 10-0 range (2021/22: operating loss of DKKm 3.8).

As stated in Company Announcement no. 9, Roblon has completed the sale of its head office building in Frederikshavn effective at the end of October 2023. The profit of around DKKm 17.5 from the sale of the head office building is not included in the above full-year 2022/23 guidance for EBITDA and EBIT before special items, but will be reported under special items and will therefore be included in "EBIT after special items".

Management previously announced that the full-year guidance is subject to substantial uncertainty due to the current slowdown in the FOC market and the resulting short order horizon, among other factors.

In the past few months, Roblon has completed planned investments in the expansion of production technology, capacity and productivity in the FOC segment. These expansions include the Group's production facilities in the USA and the relocation of its FOC production facilities from Denmark to the Czech Republic. With these measures, Roblon has achieved a competitive geographical and technological advantage in relation to its major key customers in the FOC industry in the USA and Europe.

However, a large, and growing market in the FOC segment began to slow down towards the end of 2022 and the trend has escalated since the spring of 2023. The regions hardest hit by this global market downturn are the two largest FOC markets, China and the USA, but Europe is affected, too.

Based on the most recently updated business intelligence from CRU¹, the current situation is as follows:

- In October 2023, the global FOC market reached its lowest level since the slowdown began.
- The US market shrunk 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 (BEAD²) programme.
- 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

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>.

October 2023, the USA saw a slight market pick-up 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 driving the downturn.

Roblon's earnings guidance for 2022/23 is thus adversely affected by the continued decline of the FOC market, as described above, with the usual visibility in this market being severely restricted. Roblon's overall performance will be impacted by the FOC product group's reduced profitability due to the lower level of activity.

As expected, the Composite product group saw a considerable improvement in the level of activity compared with the 2021/22 level.

Guidance for 2023/24

In recent years, the Group's core business has developed in the direction of, and become focused on, high-performance fiber solutions and technologies, particularly within Telecommunications, Energy (oil & gas extraction) and Energy Transmission (wind power and electrification and green transition via submarine cables). Significant growth rates are expected in these three industry segments in the coming years.

The Group's **Composite product group** supplies various types of fiber-reinforced products used both as an integral strength member in oil and gas pipes and for strapping, stabilising and reinforcement of other elements. In addition, 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.

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 Energy³, 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 2019/2020, 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 fiber optic cable industry, in which the demand for fiber 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.

³ Rystad Energy is an independent research and business intelligence company providing analyses of various industries. For more information, go to <https://www.rystadenergy.com/>.

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) Act⁴- Roblon is one of three major US manufacturers of fiber optic cable components. BEAD and BABA are expected to boost the Group's growth potential in the coming years.

As mentioned in the above guidance for 2022/23, the US market is expected to normalise at the 2022 level in 2024, followed by a compound annual growth ratio (CAGR) 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 (guidance for 2022/23: around DKKm 345).
- Operating profit before depreciation, amortisation and impairment and before special items (EBITDA) of around DKKm 25 (guidance for 2022/23: around DKKm 10).
- Operating profit before special items (EBIT) of around DKKm 0 (guidance for 2022/23: a loss of around DKKm 18).

Forward-looking statements

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

Frederikshavn, 2 November 2023
Roblon A/S

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⁴ <https://www.epa.gov/cwsrf/build-america-buy-america-baba>.