

Press release  
Mölnadal June 4th, 2020

## **Oboya risks impairment charges for bad debts of SEK 53 million**

**Oboya Horticulture Industries AB has updated the Group's assessment of current receivables in China. Due to that the Group identified the risk of a write-down of SEK 53 million. Such a write-down would have no connection to COVID-19, where the Group maintains its position that the COVID-19 effects will give a neutral to positive profitability effect for the full year 2020.**

Oboya faces the risk of needing a write-down of short-term receivables with a total of SEK 53 million, which in that case will be charged on Q2, 2020. Of these receivables, SEK 14 million dates to 2015, SEK 17 million to 2016 and SEK 22 million to 2017, but it might not be possible to realize them, why the entire amounts might be written down. The potential write-down does not give any cash flow effect, and the equity for the Group, which is 84 MSEK at present, is retained in excess of SEK 31 million. The receivables have no connection to COVID-19, and the combined effects of the pandemic are still considered to be neutral to positive for the company for the current year.

An external auditor will be engaged to give its evaluation of the collateral of the receivables. For Oboya, 2020 is a year where the management scrutinizes all parts of the business to achieve a sustainable profitability that will provide the basis for strong growth in the years thereafter.

"It is troublesome to face the potential need of another significant write-down. At the same time, I am happy that we are handling bad debts in our balance sheet in a professional manner. Due to substantial write-downs, 2020 will be a tough year for our bottom-line, but it will make us ready for a profitable growth in subsequent years. Our underlying business is sound and doing well", says Martin Dahlberg, CEO of Oboya Horticulture Industries AB.

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*"This is information that Oboya Horticulture Industries AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 21:00 CEST on June 4, 2020."*

### **About Oboya Horticulture Industries AB**

Oboya Horticulture aims to develop into a world-leading total supplier in daily consumables and logistics products to the cultivation industry as well as consumer products for home cultivation and indoor environments. Production takes place in factories in China, Vietnam and Poland. More information about the company can be found at [www.oboya.se](http://www.oboya.se).