

Financial Statements 2016



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Report of the Board of Directors

Robit is a global growth company that sells and services drilling consumables for customers for applications in the tunnelling, geothermal heating and cooling, construction and mining industries worldwide.

The Company's business is divided into the Top Hammer, Down the Hole and Digital Services business units. The Company has 18 own offices and active sales networks in 115 countries. The Company has production in Finland, South Korea, Australia and the UK.

The company is listed on the Nasdaq Helsinki Ltd First North Finland marketplace with trading code ROBIT.

the biggest sales region with 45.4 % of sales. Thanks to the acquisition in Australia, the growth in the Asia and Oceania region was 156.7 %, accounting for 36.2 % of total Group sales. Russia and the CIS countries had a slight increase of 6.5 %, corresponding to 5.2 % of the Group's sales. The Americas region failed to reach its growth targets and sales remained flat.

The EMEA region achieved growth of 16.0 %. The total sales volume was EUR 29.0 million. The recent acquisition of Bulroc (UK) Ltd supplements the offering especially in the Construction market segment. This will open the gate to new, bigger construction projects in Europe. DTARobit's Down the Hole offering gives increasing opportunities in the African mining segment.

Market review and sales by territory

(Million euro)	H2/2016	H2/2015	Change %	2016	2015	Change %
Europe, Africa and Middle East	16,8	12,9	30,2 %	29,0	25,0	16,0 %
North and South America	5,6	4,8	16,7 %	8,5	8,5	0,0 %
Asia and Oceania	19,0	4,3	341,9 %	23,1	9,0	156,7 %
Russia and CIS countries	1,5	1,7	-11,8 %	3,3	3,1	6,5 %
	42,9	23,7	81,2 %	63,9	45,6	40,2 %

Net sales and profitability

Robit Group net sales increased 40.2 % to EUR 63.9 million (FY 2015: 45.6). Group EBITA for the financial year 2016 was EUR 6.8 million (FY 2015: 3.4) and net income was EUR 4.6 million (FY 2015: 2.2). It should be noted that group consolidation includes H2 income statement figures regarding new group companies.

The general market situation remained stable, but with initial signs of an improvement in the markets at the end of the period. There are positive expectations for a slight increase in the market during 2017. This concerns especially the mining segment as well as construction in certain markets such as the USA. However, these changes in the market are not considered to be significant, especially when taking into account the fact that Robit operates in four market segments: Mining, Construction, Tunnelling, and Geothermal Heating and Cooling.

Robit sales developed positively in three out of the four sales regions. Europe, Africa and Middle-East remained

The Asia and Oceania region continued to grow both organically and especially structurally. Total sales for this region amounted to EUR 23.1 million. The active sales work in the Korean market and in other Asian countries further increased sales in this region. Through the acquisition in Australia, Robit obtained a firm foothold in the Australian market with three local sales offices. This is expected to ensure a positive opportunity for further growth. In January 2016 the Robit Thailand sales office was opened in Bangkok. This sales office will further reinforce the company's presence in Asia.

Russia and the CIS countries grew slightly, reaching a sales volume of EUR 3.3 million. The exceptional trade situation with western economic sanctions complicated business practice in Russia. Robit however succeeded in maintaining key customer relationships, which resulted in slight growth. The sales office in Moscow, Robit OOO continued its activity among Russian customers, showing again the importance of a local presence and the opportunities that this offers. Robit aims to keep its position in the area long term.

The Americas sales region achieved a sales volume of EUR 8.5 million. The area had zero growth, but the company's prior investments in sales offices in USA and Peru together form the platform for future operations. This together with the fact that Americas region will be the focus area during 2017, is expected to return the region to a growth curve. The forecast increase in economic activity in the USA will hopefully help in reaching the target.

Net sales by business

(Million euro)	H2/2016	H1/2016	H2/2015	H1/2015	2016	2015	Change %
Top Hammer	19,0	14,5	15,3	14,6	33,5	29,9	12,0 %
Down the Hole	23,9	6,5	8,4	7,3	30,4	15,7	93,6 %
	42,9	21,0	23,7	21,9	63,9	45,6	40,2 %

*Sales split between Top Hammer and Down the Hole business has been reclassified from information shown in offering memorandum.

In conclusion, Robit is investing in its sales and marketing activities as stated in the company's strategy. Coupled with the signals of an improving market situation, this gives a positive outlook for 2017.

During 2016, sales for both the Top Hammer (TH) and the Down the Hole (DTH) business developed positively. The increase in sales in the TH business for FY 2016 was 12.0 %. The full package of bits and drill steel products for our dealer network and end users has been and will form the main tool for market penetration to customers. The Korean drill steel production grew positively during the year.

The Down the Hole business doubled its sales volume with an increase of 93.6 %. The main reasons for the growth were of course the acquisitions in Australia and UK, which both strengthened the DTH product line. The growth includes half-year figures for sales by the acquired companies. The new comprehensive offering including the widest range of DTH hammers in the market combined with DTH bits will give totally new opportunities for the DTH business unit. The DTARobit products were especially dedicated to the Mining segment and BulrocRobit's products to the Construction segment, with a bigger hole size of up to 1.2 metres used in piling applications. The strong market position in Scandinavia for the Geothermal Heating and Cooling segment enabled stable sales in the region. The geothermal drilling is more widely

used in industrial heating and cooling applications. The environmental-friendly trend is expected to expand to new countries, which will further increase Robit's sales potential.

To summarize, thanks to the strategic acquisitions in Australia and UK, the DTH business unit was strengthened significantly. Robit now has two strong business units of equal size: Top Hammer EUR 33.5 million and Down the Hole EUR 30.4 million. This is

estimated to give stability to Robit's future business, as well as growth potential. The third business unit, Digital Services, did not record any real sales yet in 2016. The technology has reached a point that enables active sales and marketing in 2017. The new technology will also most probably support the sales of the other two business units, TH and DTH, by opening new customer contacts for these.

Research and development - developing the offering

The Digital Services business achieved the genuine status of a strategic business unit (SBU). The offering obtained a new product in the form of the manual hole deviation instrument "M-Sense". The roadmap for digital services, with related concepts and instruments, was defined more specifically and further developed. The durability of the Sense Systems improved and active sales and marketing is starting in 2017.

The Digital Services business includes new technologies such as IoT, modern sensor technology, wireless transmission, cloud computing, Big Data and imaging. These technologies will form an ecosystem with applications for customers operating with the Top Hammer and Down the Hole drilling methods. The first application is the unique drill hole measurement technology branded as Robit Sense Systems. With this system the straightness of a drill hole can be measured utilizing special technology that is integrated into a

standard drill string and rig. The results can be obtained immediately after the hole has been drilled, unlike existing manual systems, where measuring is carried out as a separate operation afterwards. Robit Sense Systems was presented at the international MinExpo 2016 in Las Vegas, where it aroused great interest.

During 2016 Robit launched the Top Hammer drill tube product line for underground and surface drilling. The product technology developed improves hole straightness and drilling efficiency especially in long hole drilling. The drill tubes can be used as a complete drill string or as a single guide tube. The new product

The Company's extensive own service centre network, which it has invested in over the past few years, constitutes a better source for different customer needs and end-user feedback from different parts of the world and different ground conditions. This is essential in this business segment if Robit is to develop the best possible products and offering for customers.

The company has capitalized patent, research and development costs during 2016 totalling EUR 0.7 million (FY 2015: 0.7). Total costs relating to research and development were 2.4 % of net sales (FY 2015: 3.0 %).

Profitability and key financials

	H2/2016	H2/2015	Change %	2016	2015	2014	Change %
Net Sales, EUR 1,000	42 901	23 676	81,2 %	63 932	45 588	38 272	40,2 %
Net Sales growth, percent	81,2 %	18,5 %		40,2 %	19,1 %	12,7 %	
Gross profit, EUR 1,000	17 304	7 747	123,4 %	25 152	14 683	11 337	71,3 %
Gross profit margin, % of sales	40,3 %	32,7 %		39,3 %	32,2 %	29,6 %	
EBITDA, EUR 1,000	7 813	2 713	188,0 %	10 328	5 066	4 765	103,9 %
EBITDA, percent of sales	18,2 %	11,5 %		16,2 %	11,1 %	12,5 %	
EBITA, EUR 1,000	5 235	1 713	205,6 %	6 769	3 448	3 819	96,3 %
EBITA, percent of sales	12,2 %	7,2 %		10,6 %	7,6 %	10,0 %	
Operating profit, EUR 1,000	3 537	1 683	110,2 %	5 043	3 389	3 761	48,8 %
Operating profit, percent of sales	8,2 %	7,1 %		7,9 %	7,4 %	9,8 %	
Result for the fiscal period, EUR 1,000	3 456	841	310,9 %	4 618	2 244	2 925	105,8 %
Result for the fiscal period, percent of sales	8,1 %	3,6 %		7,2 %	4,9 %	7,6 %	
EPS, adjusted for share split, EUR	-	-		0,29	0,17	0,29	71,0 %
Return on equity, percent	-	-		9,3 %	7,4 %	25,4 %	
Return on capital employed (ROCE), percent	-	-		10,0 %	9,5 %	21,2 %	
Net interest-bearing debt, EUR 1,000	36 929	-22 070	-267,3 %	36 929	-22 070	6 866	-267,3 %
Equity ratio, percent	45,3 %	71,1 %		45,3 %	71,1 %	47,4 %	
Gearing, percent	71,5 %	-46,1 %		71,5 %	-46,1 %	52,9 %	
Gross investments, EUR 1,000	26 889	3 389	693,4 %	59 598	7 732	1 731	670,8 %
Gross investments, % of sales	62,7 %	14,3 %		93,2 %	17,0 %	4,5 %	
Gross investments, excl.acquisition, EUR 1,000	940	3 389	-72,3 %	2 756	7 732	1 731	-64,4 %
R&D costs, EUR 1,000	963	734	31,2 %	1 505	1 368	804	10,0 %
R&D costs, % of sales	2,2 %	3,1 %		2,4 %	3,0 %	2,1 %	
Average number of employees	239	129	84,9 %	199	124	109	60,1 %
Number of employees at the end of period	263	134	96,3 %	263	134	109	96,3 %

range supports Robit's full package Top Hammer offering. In the DTH piling application the Company continued to develop the Robit Flow Control system to prevent flushing air to escape to the ground during drilling. This state of art technology was also combined with the Robit Prime series in large sizes (hole diameter +400mm). Flow Control system functionality was optimized with advanced computational fluid dynamics (CFD) simulations. This proved successful in piling projects with a sensitive ground formation.

Robit's business concept and company size enable the company to react to market changes and market signals as well as to the wishes of individual customers. The customer-oriented applications together with product development programs form the basis for improvement in product competitiveness and for optimized solutions and services for each market segment, application and customer.

Robit continued its growth trend in flat market conditions. Thanks to the increased purchase volumes especially in raw materials, the gross margin for Robit products has improved. This concerns especially the established products, which were in the offering before the two acquisitions. Another factor was that the acquired Down the Hole products have had slightly better profitability than the established products. These two factors have improved the overall profitability of the Group. Robit has not seen any major change in end-user price levels.

For FY 2016 EBITDA was EUR 10.3 million (FY 2015: 5.1). The EBITDA margin increased from 11.1 % to 16.2 %. The main factor contributing to this increase was the increase in the gross margin. The increase in fixed costs is because the fixed costs of the two

acquired companies increase total costs, e.g. in personnel expenses (increase of 51.3 %) and other operating expenses (increase of 81.2 %). During 2016 the company's personnel increased by a total of 129 employees, and the total number of employees at the end of December 2016 was 263. The company also recruited new personnel mainly for sales and customer service positions, to safeguard future organic and strategic growth. Investments in sales resources were made in offices in Bangkok, Thailand and in Dubai, UAE.

For FY 2016 EBITA was EUR 6.8 million (FY 2015: 3.4). This change was due to the same reason, namely the two acquisitions. The EBITA percentage improved to 10.6 % (FY 2015: 7.6 %).

Depreciation including goodwill amortization (EUR 1.7 million) for FY 2016 was EUR 5.3 million (FY 2015: 1.7). The increase in depreciation was mainly due to normal investments in machinery and equipment, to the two acquisitions and to capitalized expenses in relation to the Robit Sense System.

Total financial income and expenses for FY 2016 were EUR 0.8 million (FY 2015: -0.4). Financial income was EUR 2.9 million (FY 2015: 0.4). Financial expenses increased from EUR 0.9 million to EUR 2.1. Financial expenses included normal loan expenses amounting to EUR 0.6 million. Currencies underwent fairly large changes during the period and some currencies such as the South African rand remained unfavourable against the euro.

For FY 2016 the return on equity was 9.3 % (FY 2015: 7.4 %) and the return on capital employed was 10.0 % (FY 2015: 9.5 %). Both ratios improved since acquired capital has been utilized to improve returns. The company's cash and cash equivalents amounted to EUR 10.5 million (FY 2015: 33.4) and the net interest bearing debt was EUR 36.9 million (FY 2015: -22.1). The equity ratio was 45.3 %. The company used altogether EUR 56.8 million in the two acquisitions and for this purpose took a new bank loan totalling EUR 36.0 million.

Earnings per share were EUR 0.29 (FY 2015: 0.17).



Major events during the financial year 2016

- Company opened a sales office in Bangkok, Thailand in January 2016.
- Three new strategic business units (SBU) were established in January: Top Hammer, Down the Hole (DTH) and Digital Services.
- Robit won the 1st Award in the competition for “Best Investor Websites” of 2016 in the category of companies listed on Nasdaq Helsinki Ltd First North Finland.
- In June, the company acquired Drilling Tools Australia (DTA), a specialist in the Australian drilling consumables market offering Down the Hole and Top Hammer drilling equipment with corresponding engineered solutions to the mining and construction industry.
- In July, the company acquired Bulroc (UK) Ltd, a leading supplier in the business of big Down the Hole hammer and related accessories.
- Robit received 3rd prize in the European Small and Mid-Cap Award 2016 in the International Star category.
- Company announced the renewal of its operating model, switching from a structure of eight regions to four regions in sales operations.
- Sales company in Dubai, United Arab Emirates was opened in December.
- Robit was selected as one of the “First North 25” companies as a result of Nasdaq’s semi-annual review based on the First North 25 Index.
- Company announced that Harri Sjöholm, Chairman of Robit Plc, would take on the duties of Group CEO on 1 January 2017 until the appointment of a new Group CEO. Mikko Mattila will take charge of operations in the North and South America region and will move to the area.
- Company defined the Robit 3.0 Growth Concept and had started the renewal project at the end of the period.

Group structure

The parent company Robit Oyj has the following subsidiaries: Robit Finland Oy, Robit Korea Ltd, Robit Inc, Robit OOO, Robit SA Pty Ltd, Robit S.A.C., Drilling Tools Australia Pty Ltd, Robit Australia Holdings Pty Ltd, Bulroc (UK) Ltd, Robit Rocktools Sweden AB (dormant) and Robit Africa Holding (Pty) Ltd (dormant).

Far East Asia Sales Executive Denny Tsui from BulrocRobit and Chairman Harri Sjöholm visiting in the piling jobsite in Hong Kong.



Risks and uncertainties

The risks and uncertainties to which the company is exposed relate to the company's business environment, to any changes in this, and to global economic developments. Prospects especially in the euro zone, in Russia and in South American countries are uncertain. During H2 there were no significant changes in Robit's risks and uncertainties.

Additional uncertainty factors are developments in currency exchange rates, the introduction of new information systems and their smooth operation, risks relating to delivery reliability and logistics, IPR risks, hacking and uncertainties relating to the company's operations and corporate governance issues. Changes in the tax and customs regulations in export countries may also complicate the company's export activities or affect their profitability.

The risks can mainly have a negative impact on the company's growth, on its financial position and result, and on its corporate image. Company management does not consider these risks and uncertainties to be significant at the end of the period under review.

Net working capital and investments

Net working capital* at the end of review period was EUR 36.6 million (FY 2015: 14.6). The company's cash flow from operations during FY 2016 was EUR 0.6 million (FY 2015: 2.9).

Gross investments totalled EUR 59.6 million (FY 2015: 7.7). The company's main investments for FY 2016 were the two acquisitions totalling EUR 56.8 million. Other investments were mainly in the capitalized costs in

R&D (EUR 0.7 million) and machinery and equipment (EUR 1.3 million).

At year end 2016 EUR 18.2 million was tied up in trade receivables (FY 2015: EUR 9.2). Trade receivables grew at the end of the year due to the two acquisitions and the increased sales volumes. It should be noted that November 2016 had the highest sales for any month in the history of Robit.

Inventories amounted to EUR 29.2 million (FY 2015: 11.7). Inventories increased by EUR 17.5 million from the comparative period due to the fairly high volume of stocks in the acquired companies. The units are monitoring inventory contents continuously and obsolete or slow moving items are expensed.

Interest-bearing debts at the end of review period were EUR 47.5 million (FY 2015: 11.3), an increase of EUR 36.2 million. New loans were utilized for the acquisitions in Australia and the UK. The Company's net debt at the end of the year was 36,9 million (2015: -22,1).

Information presented in the notes to the financial statements

Information regarding company personnel and related parties has been presented in more detail in the notes to the financial statements.

* According to the calculation method company uses, net working capital consists of following items: inventory, accounts receivable, accounts payable, advances received and other debts (net trading capital). By monitoring and controlling these balance sheet items, company is able to optimize capital use.



1552 kg

BulrocRobit 33" Hyper hammer piston in the machining center.

The largest, registered shareholders on 31.12.2016	Shares	%
FIVE ALLIANCE OY	6 408 253	40,3 %
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	1 048 172	6,6 %
FONDITA NORDIC MICRO CAP PLACERINGSFOND	1 000 000	6,3 %
SIOITUSRAHASTO AKTIA CAPITAL	772 753	4,9 %
KESKINÄINEN TYÖLÄKEVAKUUTUSYHTIÖ VARMA	757 000	4,8 %
OP-DELTA -SIOITUSRAHASTO	571 110	3,6 %
OP-FOCUS -ERIKOISSIOITUSRAHASTO	570 000	3,6 %
NORDEA PANKKI SUOMI OYJ	393 809	2,5 %
RAUTIAINEN JUSSI	389 850	2,5 %
SR DANSKE INVEST SUOMEN PIENYHTIÖT	371 132	2,3 %
The 10 largest shareholders in total	12 282 079	77,3 %
Other shareholders	3 601 821	22,7 %
Shares in total	15 883 900	100 %

Breakdown of share ownership (number of shares)	Owners	%	Shares	%
1 - 100	318	30 %	18 435	0,1 %
101 - 500	439	41 %	125 379	0,8 %
501 - 1 000	140	13 %	118 013	0,7 %
1 001 - 5 000	118	11 %	268 519	1,7 %
5 001 - 1 0000	15	1 %	111 022	0,7 %
10 001 - 50 000	13	1 %	258 744	1,6 %
50 001 - 100 000	4	0 %	283 751	1,8 %
100 001 -	22	2 %	14 700 037	92,5 %
	1069	100 %	15 883 900	100,0 %

Shareholding of management on 31.12.2016	Shares	%
CEO	251 228	3,8 %
Members of the Board	6 426 158	96,0 %
Other members of the executive management team	15 489	0,2 %
	6 692 875	100,0 %

Shares and shareholders

On 31 December 2016 the company had 15,883,900 shares. On 31 December 2016 the company had 1,069 shareholders. On 31 December 2016 the company held 94,674 own shares (0.6 % of the shares).

The subscription price in the Initial Public Offering (IPO) was EUR 5.70. At the end of December 2016, the closing price was EUR 7.90 per share and Robit had a market capitalization of EUR 124,7 million. The highest closing price during the year was EUR 9.40 and the lowest price EUR 5.20. The number of shares traded between 1 January and 30 December was 1.9 million, which is 12 % of the total number of shares.

Robit has one share series and all shares have equal voting rights. Each share is entitled to one vote at the annual general meeting.

Personnel, management and board of directors

The number of personnel increased in 2016 by 129 from year end 2015, with the total number of personnel being 263 at the end of the period under review. The personnel from the two acquired companies increased the number of personnel by 116. Personnel growth has been as planned, to enable the company to grow further.

In order to facilitate Robit's growth strategy, the company continued to invest in personnel. The focus was further in sales and sales support, so that 55 % of the white collar personnel were employed in these tasks. More emphasis was given to the company's hiring and training practices. Robit also decided to continue the Trainee program and decided to recruit two new Talents, who will start in January 2017. The basic principle in the talent program is to hire highly

educated young people and train them in-house. With this method Robit can ensure the transfer of valuable experience-based know-how within its organization.

Young and talented employees are a great asset for Robit. The company's age demographics are well balanced and the average age was 41 years. A young organization ensures an ambitious company culture, targeting further growth and winnings. Robit also places strong emphasis on work safety, and a special project was started in the areas of HSE (Health, Safety and Environment), which is being steered by the Australian team.

The company continued to monitor employee satisfaction and feedback via the annual personnel survey. This revealed that personnel were satisfied with the market and customer orientation of the company as well with their own task and task management.

The three new strategic business units and their VPs were appointed: Top Hammer Tuomo Niskanen (59), Down the Hole Olli Kuismanen (41) and Digital Services Rowan Melrose (54).

Jussi Rautiainen (51), served as Group CEO until 2 January 2016. Mikko Mattila (38), M.Sc. (Eng.) was appointed as the new Group CEO. Mr. Mattila has been working in the organization and has had a long, 15 year career at Robit. Harri Sjöholm, Chairman of Robit, took over the duties of Group CEO on 1 January 2017 until the appointment of a new Group CEO.

The Annual General Meeting was held on the 18 March 2016 and it confirmed the new members of the Board: Tapio Hintikka, Kalle Reponen, Matti Kotola, Anni Ronkainen and Harri Sjöholm.

Mr. Sjöholm was elected Chairman of the Board.

Decisions by the annual general meeting

The Annual General Meeting was held in Tampere on 18 March 2016. The meeting confirmed the 2015 financial statements and discharged the members of the Board and the CEO from liability for the 2015 fiscal year. The meeting decided to pay a total dividend of EUR 631,373.32, or EUR 0.04 per share. The company had a total of 15,883,900 shares, and altogether 10,827,868 of the shares and votes were represented at the AGM.

Those elected to the Board of Directors are listed in the section "Personnel, management and Board of Directors" above. Ernst & Young Oy, Authorised Public Accountants, were re-elected as the company's auditors, with Mikko Järventausta as principle auditor. The General Meeting also authorised the Board of Directors to decide on the acquisition of a maximum of 1,588,390 own shares, provided however that the aggregate number of own shares in the possession of the Company at any one time shall not exceed 10 % of all the shares in the Company.

Product Support Technician Clifford McGowan from DTARobit in UAE jobsite.



The General Meeting also authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act. The number of shares to be issued based on this authorization may not exceed 1,588,390 shares, which currently corresponds to approximately 10 % of all the shares in the company. The Company's own shares held as treasury shares and rights may be issued and transferred for example as consideration in corporate acquisitions or as part of its incentive system.

Corporate Governance Statement

The Corporate Governance Statement has been included in the Annual Report for 2016 and is also available on the Company's web pages.

Significant events after the end of the review period

The company has made the following decision as part of the Robit 3.0 Growth Concept and the related renewal project. This has taken place on 1 January 2017:

- The new company structure and related matrix organization starting from 1 January 2017.
- The Company has appointed a new Global Management Team with nine members, including region VPs and SBU VPs as well as the CFO and VPs for R&D and HR starting from 1 January 2017.
- The new CFO, Ilkka Miettinen (53), and the new VP for the Russia & CIS sales region, Jorma Juntunen (60), will start on February and March 2017 in the company.
- The company is at the end of finalizing the IFRS project. Robit will switch to the IFRS accounting system in 2017.
- Purchase of assets in USA (Halco INC)
- Purchase of Halco Brighthouse Ltd in England

In accordance with its strategy, Robit is continuing its renewal in order to improve its customer orientation and competitiveness. Through this renewal, the four established sales regions will become even more powerful entities with greater independence, aiming especially at further growth and at strengthening the company's market share in their regions. This new market region structure emphasizes Robit's desire to take decision-making closer to the customer and to link it tightly to the customer-interface, aiming to safeguard the company's future growth.

Board proposal for the distribution of profit

The parent company's non-restricted equity on 31 December 2016 is EUR 46 945 258, of which the net profit for the financial year is EUR 3 517 317.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.10 per share be paid on the outstanding 15,789,226 shares, resulting in a total proposed dividend of EUR 1,578,922.

The Board proposes that the dividend be payable from 6 April 2017. All the shares existing on the dividend record date are entitled to the dividend for 2016 except for the own shares held by the parent company (94,674 shares).

Financial targets and future outlook

Robit as a Growth Company aims to continue to grow in line with the target set in its strategy. Net sales in FY 2016 increased 40.2 % from the comparative period. The company's long-term (10 year) average annual growth has been 23 %. Robit's goal is also to continue the strong growth rate in the future in accordance with the 15 % growth rate specified in the strategy.



Robit's target in 2016 was to further improve profitability in order to achieve the long-term strategic target of EBITA of +13 %. The actual figure for 2016 was 10.6 %. This was because the overall profitability of the acquired businesses was slightly better than Robit's profitability so far. Nevertheless, the company also managed to improve the profitability of its basic business with its global sourcing activity and internal rationalization measures. Company management continues to further optimize variable cost factors with the product and cost optimization project between the four manufacturing companies: Finland, South Korea, Australia and UK. Since the acquired Down the Hole businesses will account for a proportionately higher share in 2017, Robit is convinced that profitability will at least be maintained at the same level.

Robit believes that the weak market environment is starting to pick up after a flat period of several years. The goal is to combine this expected positive market change with the platform of Robit's 18 sales and service points together with the four automated manufacturing plants. This Robit Growth Concept combined with close co-operation with customers will result in an attractive growth outlook in the coming years.

Robit's global market share is still modest, so there is plenty of room to grow. The new supplemented offering gives good opportunities to increase the market share in the drilling consumable business segment. According to management, this will mean that the company will further strengthen its market share and market position. The Company's strategic target is to double its global market share. Continuous growth also means positive motivation for Robit's young organization.

The company's understanding is that there is still room for consolidation in this industry segment. Robit wants to play an active role in this and continues to evaluate potential acquisition candidates in a controlled manner.

Product Manager Ric Goebel from DTARobit is introducing hammer structure in MEGA Dealer Meeting, Tampere, Finland.





From left: VP Down the Hole Olli Kuismanen, VP Supply Jorma Pyykkö and Group CEO Mikko Mattila in Kalgoorlie SuperPit. Behind is seen Ausdrill blast hole rig.

Consolidated Statement of Comprehensive Income

Consolidated Income Statement	1.1.2016- 31.12.2016 €	1.1.2015- 31.12.2015 €
Net sales	63 931 825,32	45 588 319,89
Changes in stocks of finished goods and work in progress	2 037 309,51	1 103 330,31
Manufacturing for own use	201 263,05	232 011,51
Other operating income	417 463,68	169 422,70
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-20 289 824,98	-16 316 457,55
Change in stocks	-634 115,37	-985 408,60
External services	-11 726 621,08	-10 487 115,58
Total materials and services	-32 650 561,43	-27 788 981,73
Personnel expenses		
Wages and salaries	-10 093 628,29	-6 354 529,88
Indirect personnel expenses		
Pension expences	-728 918,44	-800 424,74
Other social security expences	-284 846,75	-184 287,95
Total personnel expenses	-11 107 393,48	-7 339 242,57
Depreciation and amortisation		
Depreciation according to plan	-5 285 519,74	-1 676 282,18
Other operating charges	-12 502 160,63	-6 899 082,01
OPERATING PROFIT (LOSS)	5 042 226,28	3 389 495,92
Financial income and expences		
From others	2 856 324,14	444 334,11
Interest and other financial expences		
To others	-2 087 581,61	-850 587,80
Financial income and expences total	768 742,53	-406 253,69
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	5 810 968,81	2 983 242,23
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	5 810 968,81	2 983 242,23
Income taxes	-974 115,77	-727 877,28
Changes in deferred income taxes	-213 553,35	-11 583,32
PROFIT (LOSS) FOR THE FINANCIAL YEAR	4 623 299,69	2 243 781,63
Minority share	-4 825,31	0,00
Consolidated Net Income	4 618 474,38	2 243 781,63

Consolidated Statement of Financial Position

Assets

Consolidated Balance Sheet	31 Dec. 2016	31 Dec. 2015
ASSETS	€	€
NON-CURRENT ASSETS		
Intangible assets		
Development costs	1 106 377,93	0,00
Goodwill	32 244 027,34	29 011,87
Intangible rights	195 070,51	164 815,35
Other capitalised long-term expences	2 237 419,88	3 526 588,90
Intangible assets total	35 782 895,66	3 720 416,12
Tangible assets		
Land and waters	163 040,87	149 114,99
Buildings	3 037 068,67	3 092 503,93
Machinery and equipment	12 081 535,18	3 736 359,31
Other tangible assets	4 513,20	6 376,56
Anvance payments and construction in progress	514 922,44	62 358,18
Tangible assets total	15 801 080,36	7 046 712,97
Investments		
Other shares and similar rights of ownership	2 917,88	2 769,88
Other receivables	154 037,47	238 451,89
Investments total	156 955,35	241 221,77
Non-current assets total	51 740 931,37	11 008 350,86
CURRENT ASSETS		
Inventories		
Raw materials and consumables	7 337 930,47	2 741 084,18
Work in progress	3 598 143,43	1 060 873,71
Finished products/Goods	16 222 890,98	7 697 719,43
Other inventories	1 976 862,60	161 221,30
Advance payments	25 563,72	18 402,21
Inventories total	29 161 391,21	11 679 300,83
Debtors		
Long-term		
Loan receivables	1 009 237,03	716 688,57
Long-term total	1 009 237,03	716 688,57
Short-term		
Trade debtors	18 184 861,92	9 219 451,54
Loan receivables	42 944,54	20 681,32
Calculated tax claim	489 367,17	159 458,54
Other debtors	2 376 038,77	809 266,26
Prepayments and accrued income	695 234,24	528 046,49
Short-term total	21 788 446,64	10 736 904,15
Funding papers		
Other funding papers	31 511,94	31 230,97
Funding papers total	31 511,94	31 230,97
Cash in hand and at banks	10 518 972,17	33 352 632,04
Current assets total	62 509 559,00	56 516 756,56
ASSETS TOTAL	114 250 490,37	67 525 107,42

Consolidated Statement of Financial Position

Liabilities

Consolidated Balance Sheet LIABILITIES	31 Dec. 2016 €	31 Dec. 2015 €
Capital and reserves		
Subscribed capital	705 025,14	705 025,14
Share premium account	201 825,51	201 825,51
Free invested equity reserve	33 738 591,68	33 692 594,08
Translation difference	-673 465,04	-267 424,11
Retained earnings (loss)	12 960 657,41	11 348 358,92
Profit (loss) for the financial year	4 618 474,38	2 243 781,63
Capital and reserves total	<u>51 551 109,08</u>	<u>47 924 161,17</u>
Minority share	101 352,87	0,00
Mandatory reserves		
Other mandatory reserves	532 479,60	430 019,10
Mandatory reserves total	<u>532 479,60</u>	<u>430 019,10</u>
Creditors		
Long-term		
Loans from credit institutions	39 261 570,41	7 057 714,44
Long-term total	<u>39 261 570,41</u>	<u>7 057 714,44</u>
Short-term		
Loans from credit institutions	8 218 538,93	4 256 543,87
Advances received	281 742,85	132 470,16
Trade creditors	9 627 546,29	5 608 803,27
Calculated tax debt	841 174,24	223 856,85
Other debts	850 272,03	573 958,51
Accruals and deferred income	2 984 704,07	1 317 580,05
Short-term total	<u>22 803 978,41</u>	<u>12 113 212,71</u>
Creditors total	62 065 548,82	19 170 927,15
LIABILITIES TOTAL	<u><u>114 250 490,37</u></u>	<u><u>67 525 107,42</u></u>



Consolidated Statement of Cash Flows

CASH FLOW STATEMENT GROUP	Group 31 Dec 2016	Group 31 Dec 2015
Cash flow from operations:		
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	5 810 969	2 983 242
Adjustments:		
Depreciation according to plan	5 285 520	1 676 282
Financial income and expences	-768 743	406 254
Other adjustments	-162 355	0
Cash flow before changes in working capital	10 165 391	5 065 778
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	-8 537 430	-3 109 586
Increase (-) or decrease (+) in inventories	-2 320 945	159 087
Increase (-) or decrease (+) in trade payables	2 372 198	1 950 518
Cash flow from operations before taxes	1 679 215	4 065 796
Interest paid and other finance costs from operations	-1 061 983	-850 588
Interests and other financial income from operations	569 345	444 334
Direct income taxes paid	-620 625	-727 877
Cash flow before extraordinary items	565 952	2 931 665
Cash flow from operations (A)	565 952	2 931 665
Cash flows from investing activities		
Investments in tangible and intangible items	-2 715 066	-6 731 406
Investments in group companies	-56 841 911	0
Financial income from investments	2 286 979	0
Interest paid and other finance costs from investments	-1 025 599	0
Acquisition of group companies shares	274 213	0
Changes in long-term receivables	-314 812	36 764
Cash flow from investments (B)	-58 336 196	-6 694 642
Cash flow before financing (A+B)	-57 770 244	-3 762 977
Cash flows from financing		
Proceeds from issuance of share capital	45 998	33 094 094
Acquisition of own shares	0	-46 768
Changes in translation differences	-406 041	82 718
Change of minority	111 446	0
Change of short-term loans	3 961 995	1 008 102
Change of long-term loans	31 854 670	1 851 170
Dividends and other profit distribution	-631 483	-432 660
Cash flow from financing (C)	34 936 584	35 556 657
Change in cash and cash equivalents (A+B+C)	-22 833 660	31 793 680
increase (+)/decrease (-)		
Cash and cash equivalents at beginning of financial year	33 352 632	1 558 953
Cash and cash equivalents at end of financial year	10 518 972	33 352 632
Cash and cash equivalents according to balance sheet	-22 833 660	31 793 680



Robit

HAMMER PRODUCT LINE

Robit

bauma
2016
C2.213

Income Statement of the Parent Company

Robit Plc Parent company Income Statement	1 Jan. - 31 Dec. 2016 €	1 Jan. - 31 Dec. 2015 €
Net sales	44 245 790,36	39 671 113,75
Changes in stocks of finished goods and work in progress	1 259 852,60	1 057 738,62
Manufacturing for own use	201 263,05	232 011,51
Other operating income	411 725,75	240 334,11
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-15 969 792,19	-16 158 410,15
Change in stocks	229 689,13	383 113,72
External services	-17 347 592,58	-13 138 818,37
Total materials and services	-33 087 695,64	-28 914 114,80
Personnel expenses		
Wages and salaries	-3 063 955,71	-3 273 364,83
Indirect personnel expenses		
Pension expenses	-546 281,96	-710 458,92
Other indirect security expenses	-221 573,12	-166 209,83
Total personnel expenses	-3 831 810,79	-4 150 033,58
Depreciation and amortisation		
Depreciation according to plan	-1 201 119,04	-965 195,38
Other operating expenses	-5 136 274,47	-4 687 523,33
OPERATING PROFIT (LOSS)	2 861 731,82	2 484 330,90
Financial income and expenses		
Other interest and financial income		
To group companies	437 399,70	149 440,21
From others	2 604 128,68	148 655,54
Interest and other financial expenses		
To others	-1 847 509,41	-314 753,97
Total financial income and expenses	1 194 018,97	-16 658,22
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	4 055 750,79	2 467 672,68
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	4 055 750,79	2 467 672,68
Appropriations		
Change in depreciation difference, increase (-) or decrease (+)	-84 286,43	-67 899,56
Income taxes	-454 146,87	-539 561,79
PROFIT (LOSS) FOR THE FINANCIAL YEAR	3 517 317,49	1 860 211,33

Robit piling products in use in Oslo, Norway Munch Museum jobsite.



Balance Sheet of the Parent Company

Assets

Balance Sheet Parent company	31 Dec. 2016	31 Dec. 2015
ASSETS	€	€
NON-CURRENT ASSETS		
Intangible assets		
Research and development expenses	1 106 377,93	0,00
Intellectual property rights	114 697,59	92 484,39
Other non-current expenses	2 110 653,80	3 387 989,22
Total non-current assets	3 331 729,32	3 480 473,61
Tangible assets		
Land and waters areas	163 040,87	149 114,99
Buildings and structures	2 894 899,84	2 943 327,95
Machinery and equipment	238 152,88	120 948,56
Other tangible assets	4 513,20	6 376,56
Advance payments and purchases in progress	323 100,00	0,00
Total tangible assets	3 623 706,79	3 219 768,06
Investments		
Shares in group companies	42 096 792,10	7 060 312,01
Other shares and interests	16,81	16,81
Total investments	42 096 808,91	7 060 328,82
Total non-current assets	49 052 245,02	13 760 570,49
CURRENT ASSETS		
Finished products/goods	5 630 115,47	4 140 573,74
Advance payments	12 272,72	0,00
Total inventories	5 642 388,19	4 140 573,74
Receivables		
Long-term		
Receivables from group companies	26 618 206,03	3 308 047,41
Loan receivables	696 500,99	716 688,57
Short-term		
Trade receivables	8 793 897,75	6 973 537,86
Receivables from group companies	14 725 974,79	8 121 483,17
Loan receivables	42 944,54	20 681,32
Other receivables	817 886,18	548 491,70
Accrued income	355 125,66	135 316,40
Total short-term	24 735 828,92	15 799 510,45
Cash and cash equivalents	6 781 345,40	31 011 760,20
Total Current assets	64 474 269,53	54 976 580,37
TOTAL ASSETS	113 526 514,55	68 737 150,86

Balance Sheet of the Parent Company

Equity and Liabilities

Balance Sheet Parent company EQUITY AND LIABILITIES	31 Dec. 2016 €	31 Dec. 2015 €
Equity		
Share capital	705 025,14	705 025,14
Share premium reserve	201 825,51	201 825,51
Invested unrestricted equity reserve	33 738 591,68	33 692 594,08
Retained earnings (loss)	10 795 726,55	9 566 998,54
Profit (loss) for the financial year	3 517 317,49	1 860 211,33
Total equity	48 958 486,37	46 026 654,60
Accrued appropriations		
Depreciation difference	327 988,67	243 702,24
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	37 783 168,32	5 927 453,33
Total long-term liabilities	37 783 168,32	5 927 453,33
Short-term liabilities		
Loans from financial institutions	5 612 749,46	1 962 225,40
Advances received	205 190,24	108 230,88
Accounts payable	1 770 310,47	1 504 805,45
Payables to group companies	17 907 843,51	12 067 773,67
Other liabilities	171 848,85	198 970,01
Accrued liabilities	788 928,66	697 335,28
Total short-term liabilities	26 456 871,19	16 539 340,69
Creditors total	64 240 039,51	22 466 794,02
TOTAL EQUITY AND LIABILITIES	113 526 514,55	68 737 150,86



Robit Plc received the 3rd prize in the European Small and Mid-Cap Award 2016 in the International Star category. The Awards have been organized yearly by the Federation of European Securities Exchanges (FESE) and European Issuers in partnership with the European Commission.

Cash Flow Statement of the Parent Company

CASH FLOW STATEMENT PARENT COMPANY	Parent company 31 Dec 2016	Parent company 31 Dec 2015
Cash flow from operations:		
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	4 055 751	2 467 673
Adjustments:		
Depreciation according to plan	1 201 119	965 195
Financial income and expences	-1 194 019	16 658
Other adjustments	0	0
Cash flow before changes in working capital	4 062 851	3 449 526
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	-8 914 055	-3 919 271
Increase (-) or decrease (+) in inventories	-1 501 814	-1 498 535
Increase (-) or decrease (+) in trade payables	5 972 444	5 474 721
Cash flow from operations before taxes	-380 574	3 506 441
Interest paid and other finance costs from operations	-821 910	-314 754
Interests and other financial income from operations	754 549	298 096
Direct income taxes paid	-159 585	-826 059
Cash flow before extraordinary items	-607 520	2 663 724
Cash flow from operations (A)	-607 520	2 663 724
Cash flows from investing activities		
Investments in tangible and intangible items	-1 456 313	-5 912 861
Investments in group companies	-35 036 480	0
Financial income from investments	2 286 979	0
Interest paid and other finance costs from investments	-1 025 599	0
Granted loans	-23 310 159	-638 865
Investments in other items	0	-15 870
Changes in long-term receivables	-2 076	20 852
Cash flow from investments (B)	-58 543 648	-6 546 744
Cash flow before financing (A+B)	-59 151 168	-3 883 020
Cash flows from financing		
Proceeds from issuance of share capital	45 998	33 094 094
Acquisition of own shares	0	-46 768
Changes in translation differences	0	0
Change of short-term loans	3 650 524	321 528
Change of long-term loans	31 855 715	1 654 003
Dividends and other profit distribution	-631 483	-432 660
Cash flow from financing (C)	34 920 753	34 590 197
Change in cash and cash equivalents (A+B+C) increase (+)/decrease (-)	-24 230 415	30 707 177
Cash and cash equivalents at beginning of financial year	31 011 760	934 583
Cash and cash equivalents at end of financial year	6 781 345	31 011 760
Cash and cash equivalents according to balance sheet	-24 230 415	30 077 177
Company reorganization, money transaction to Robit Finland Ltd.	0	630 000,00

Notes to the Financial Statements

Scope of the Consolidated Financial Statements

Robit Oyj is a company listed in Nasdaq OMX Helsinki Ltd First North Finland marketplace with trading code ROBIT.

Robit Oyj is parent company of subsidiaries, which have been combined to the consolidated financial statement: Robit Rocktools Sweden Ab (ownership 100 %), Robit Korea Ltd (former YP Robit Ltd), South Korea (ownership 100 %), Robit Australia Holdings Pty Ltd, Australia (ownership 100 %), Drilling Tools Australia Pty Ltd, Australia (group ownership 100 %), Bulroc (UK) Ltd, United Kindom (ownership 100 %), Robit OOO, Russia (ownership 100 %), Robit Inc., USA (ownership 100 %), Robit SA (Pty) Ltd, South Africa (ownership 70 %), Robit S.A.C., Peru (parent direct ownership 99 % and group ownership 100 %) and Robit Finland Oy Ltd (ownership 100 %). Robit Africa Holdings (Pty) Ltd, South Africa (ownership 100 %) is dormant and has not been combined to the consolidated financial statement.

Copy of Consolidated financial statement is available at Robit Oyj Vikkiniityntie 9, FI-33880 Lempäälä, Finland.

Elimination of mutual business transactions

The intra-group distribution of profits, transactions, receivables and debts have been eliminated. The consolidation difference resulted from acquiring a subsidiary has been adjusted by the group reserve formed in the acquisition of the minority interest. Conversely, the depreciation of consolidation difference has been adjusted.

The equity received through the share issue directed to the minority shareholders has been entered as capital gain. The minority share has been split into separate items in income statement and in balance sheet.

Translation differences

The income statement of the foreign subsidiary has been converted to average exchange rate of the financial year and the balance sheet has been converted to Finnish currency by using the respective exchange rate at the closing date. Translation differences resulting from changes in exchange rates as a result of applying the acquisition cost method have been entered into the equity of the group. Average rate difference of the results presented in the income statement and balance sheet for the financial year has been entered into the equity.

Accounting Principles for the Group and Parent Company

Valuation Principles of Non-Current Assets

Variable costs resulting from acquisition and manufacture of assets have been included in the acquisition cost of the non-current assets. The non-current assets will be depreciated during their useful life according to plan. In the previous financial year, depreciation according to plan were introduced in depreciation of buildings and movable tangible assets. Buildings and movable tangible assets are depreciated during their economic life.

Depreciation periods

Depreciation method is a straight-line depreciation.

Development expenses	5 years
Other long-term expences	5 - 7 years
Capitalized listing expenses	5 years
Goodwill	5 years
Buildings	30 years
Machinery and equipment of buildings	15 years
Structures	10 years
Machinery and equipment	5 - 10 years
Other tangible assets	5 - 10 years

The depreciation time of development expenses and other intangible assets vary between 5 to 7 years and they are in line with the managements view of the economical lifetime.

The classification of the development expenses has been changed to meet the amended paragraph in the Finnish Accounting standards. Earlier the development expenses were capitalized as long term expenditure and in the current year as development expenses. The prior year balances have been reclassified to correct line in the balance sheet.

Investments

Investments are valued by acquisition price.

Valuation of Inventories

Inventories are presented variable acquisition cost or lower probable sale price. Variable direct costs have been included in the acquisition cost of inventories.

Items in Foreign Currencies

Receivables and payables in foreign currencies have been converted to Finnish currency by using the respective exchange rate at the closing date.

Notes to the Financial Statements

Net sales by geographical market area:

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Finland	8 548 326	7 914 700	8 548 326	7 914 700
Community countries	6 097 850	5 285 729	9 836 191	7 340 227
Other countries	29 599 615	26 470 685	45 547 308	30 333 393
Total	44 245 790	39 671 114	63 931 825	45 588 320

Personnel information

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Amount of personnel on average				
Clerical workers	49	47	111	74
Employees	0	11	88	50
Total	49	58	199	124

Salaries of Members of the Board of Directors and managing director

Managing Director Mikko Mattila (1.1.2016 >)	182 973	0	182 973	0
Managing Director Jussi Rautiainen (> 31.12.2015)	0	182 975	0	182 975
	182 973	182 975	182 973	182 975
Members of the Board of Directors				
Harri Sjöholm	40 500	47 025	40 500	47 025
Tapio Hintikka	27 100	34 000	27 100	34 000
Matti Kotola (18.2.2015 >)	35 500	30 750	35 500	30 750
Pekka Pohjoismäki (> 18.3.2016)	1 500	25 500	1 500	25 500
Kalle Reponen	36 500	39 000	36 500	39 000
Anna-Maria Ronkainen (18.3.2016 >)	22 000	0	22 000	0
Jussi Rautiainen (> 18.2.2015)	0	3 500	0	3 500
	163 100	179 775	163 100	179 775

Auditors' itemised fees

1) Auditing	49 970	38 304	143 005	67 609
2) Assignments according to the audit law 1,1 § section 2, of the Finnish Auditing Act	0	0	0	1 240
3) Tax consultancy	6 500	11 860	27 116	14 563
4) Other services	124 521	75 497	156 554	75 497
	180 991	125 661	326 674	158 910

Depreciation according to plan by balance sheet items

Goodwill	0,00	0,00	1 726 065,96	87 035,48
Consolidation reserve	0,00	0,00	0,00	-28 432,90
Development costs	346 036,95	0,00	346 036,95	0,00
Intellectual property rights	42 721,80	29 734,80	66 014,52	35 571,42
Other non-current expenses	641 963,23	630 686,28	731 752,23	726 196,40
Buildings	125 028,28	105 360,64	133 278,28	111 987,40
Machinery and equipment	43 505,42	197 550,30	2 280 508,44	742 060,75
Other tangible assets	1 863,36	1 863,36	1 863,36	1 863,63
	1 201 119,04	965 195,38	5 285 519,74	1 676 282,18

Tangible and intangible assets

Goodwill

undepreciated balance on 1 Jan.	0,00	0,00	29 011,87	87 614,45
increases	0,00	0,00	33 941 081,43	0,00
Consolidation reserve*	0,00	0,00	0,00	28 432,90
depreciation for the financial period	0,00	0,00	-1 726 065,96	-87 035,48
book value on 31 Dec.	0,00	0,00	32 244 027,34	29 011,87

*The group reserve as of January 1st, 2015 amounted to 28.432,90€ has been booked as income in total December 31st, 2015

Development costs

undepreciated balance on 1 Jan.	0,00	0,00	0,00	0,00
increases	618 371,78	0,00	618 371,78	0,00
reclassification	834 043,10	0,00	834 043,10	0,00
depreciation for the financial period	-346 036,95	0,00	-346 036,95	0,00
book value on 31 Dec.	1 106 377,93	0,00	1 106 377,93	0,00

Intellectual property rights

undepreciated balance on 1 Jan.	92 484,39	61 521,05	164 815,35	68 684,18
increases	64 935,00	60 698,14	96 269,68	131 702,59
decreases	0,00	0,00	0,00	0,00
depreciation for the financial period	-42 721,80	-29 734,80	-66 014,52	-35 571,42
book value on 31 Dec.	114 697,59	92 484,39	195 070,51	164 815,35

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Other non-current expenses				
undepreciated balance on 1 Jan.	3 387 989,22	483 077,16	3 526 588,90	585 365,19
increases *)	198 670,92	3 535 598,34	276 626,32	3 681 007,66
decreases	0,00	0,00	0,00	0,00
reclassification	-834 043,11	0,00	-834 043,11	-13 587,55
depreciation for the financial period	-641 963,23	-630 686,28	-731 752,23	-726 196,40
book value on 31 Dec.	2 110 653,80	3 387 989,22	2 237 419,88	3 526 588,90

*) Part of the expense related to the initial public offering 2.603.161,91 € and depreciation 347.088,24 € in 31.12.2015 and 520.632,36€ in 31.12.2016.

Land and water areas

undepreciated balance on 1 Jan.	149 114,99	110 981,63	149 114,99	110 981,63
increases	13 925,88	38 133,36	13 925,88	38 133,36
decreases	0,00	0,00	0,00	0,00
book value on 31 Dec.	163 040,87	149 114,99	163 040,87	149 114,99

Buildings and structures

undepreciated balance on 1 Jan.	2 943 327,95	1 888 475,09	3 092 503,93	1 990 246,13
increases	76 600,17	1 160 213,50	77 843,01	1 214 245,20
decreases	0,00	0,00	0,00	0,00
depreciation for the financial period	-125 028,28	-105 360,64	-133 278,28	-111 987,40
book value on 31 Dec.	2 894 899,84	2 943 327,95	3 037 068,66	3 092 503,93

Machinery and equipment

undepreciated balance on 1 Jan.	120 948,56	1 789 696,55	3 736 539,31	2 586 858,80
increases*	160 709,74	640 020,55	10 706 289,31	2 291 741,37
decreases	0,00	-175 180,11	-80 785,00	-400 180,11
Acquisition, internal 1.7.2015.	0,00	-1 938 038,06	0,00	0,00
depreciation for the financial period	-43 505,42	-195 550,37	-2 280 508,44	-742 060,75
book value on 31 Dec.	238 152,88	120 948,56	12 081 535,18	3 736 359,31

* Increase in the Machinery and equipment due to acquired company assets is 9.446.218€

Other tangible assets

undepreciated balance on 1 Jan.	6 376,56	5 035,02	6 376,56	5 035,02
increases	0,00	3 204,90	0,00	3 204,90
decreases	0,00	0,00	0,00	0,00
depreciation for the financial period	-1 863,36	-1 863,36	-1 863,36	-1 863,36
book value on 31 Dec.	4 513,20	6 376,56	4 513,20	6 376,56

Advance payments and purchases in progress

undepreciated balance on 1 Jan.	0,00	38 992,70	62 358,18	277 219,30
increases	323 100,00	309 527,46	515 372,90	371 885,64
reclassification	0,00	-348 520,16	-62 808,64	-586 746,76
book value on 31 Dec.	323 100,00	0,00	514 922,44	62 358,18

The shares held by the company of which the ownership exceeds 20 %

	Proportion, %	Proportion, %	Proportion, %	Proportion, %
Robit Rocktools Sweden Ab, Sweden	100 %	100 %	100 %	100 %
Robit Korea LTD, South Korea	100 %	100 %	100 %	100 %
Robit OOO, Venäjä, Russia	100 %	100 %	100 %	100 %
Robit Inc. USA	100 %	100 %	100 %	100 %
Robit SA, Etelä-Afrikka, South Africa	70 %	100 %	70 %	100 %
Robit S.A.C, Peru	99 %	99 %	100 %	100 %
Robit Africa Holdings Ltd, Etelä-Afrikka, South Africa	100 %	100 %	100 %	100 %
Robit Finland Oy Ltd, Finland	100 %	100 %	100 %	100 %
Robit Australia Holdings Ltd, Australia	100 %	0 %	100 %	0 %
Bulroc Ltd, UK	100 %	0 %	100 %	0 %
Drilling Tools Australia Ltd., Australia	0 %	0 %	100 %	0 %
Robit Plc-BFC, Dubai	100 %	0 %	100 %	0 %

Robit Rocktools Sweden AB, Robit Africa Holdings (Pty) Ltd and Robit Plc-BFC were dormant companies.
Robit Oyj has a branch in Thailand, Robit Thailand.

Robit has acquired two subsidiaries during the fiscal year. DTA Robit Pty Ltd has been consolidated since June 30th 2016 and Bulroc Ltd since July 5th, 2016 into group accounts. The consolidated net sales of the acquisitions was EUR 15,4 millions for the period.

The paid cash or in kind were EUR 56,8 millions and Robit received EUR 22,9 millions worth net assets. The goodwill according to FAS was EUR 33,9 millions and it will be amortized in 10 years.

Material items of accrued income

Items included in accrued income are deemed conventional accruals in financial statements.

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Receivables from group companies				
Trade receivables	10 433 656,02	4 268 504,41	0,00	0,00
Group loan receivables	26 618 206,03	3 668 047,41	0,00	0,00
Other group receivables	4 292 318,77	3 492 978,76	0,00	0,00
	<u>41 344 180,82</u>	<u>11 429 530,58</u>	<u>0,00</u>	<u>0,00</u>
Loans from group companies				
Accounts payable	12 736 815,69	8 661 202,59	0,00	0,00
Others loans	5 171 027,82	3 406 571,08	0,00	0,00
	<u>17 907 843,51</u>	<u>12 067 773,67</u>	<u>0,00</u>	<u>0,00</u>
Relevant items in receivables carried forward				
Accrual of staff expences	431 359,46	662 753,20	1 664 108,60	799 660,30
Accrual of taxes	294 562,21	0,00	487 226,55	122 954,71
Other accrual liabilities	63 006,99	34 582,08	833 368,93	394 965,04
	<u>788 928,66</u>	<u>697 335,28</u>	<u>2 984 704,07</u>	<u>1 317 580,05</u>
Deferred tax assets				
Accrual differences and temporary differences	0,00	0,00	163 886,65	0,00
Internal profit elimination	0,00	0,00	325 480,52	159 458,54
	<u>0,00</u>	<u>0,00</u>	<u>489 367,17</u>	<u>159 458,54</u>
Deferred tax debt				
	0,00	0,00	584 830,32	0,00
Depreciation difference elimination	0,00	0,00	256 343,92	223 856,85
	<u>0,00</u>	<u>0,00</u>	<u>841 174,24</u>	<u>223 856,85</u>
Changes in deferred tax*				
Increase deferred tax assets	0,00	0,00	329 908,63	81 408,90
Increase deferred tax debt	0,00	0,00	-617 317,39	-92 992,32
	<u>0,00</u>	<u>0,00</u>	<u>-287 408,76</u>	<u>-11 583,42</u>

*In the profit and loss account line is EUR 213.553,35. The difference is increase in defreed tax liability of EUR 237.742,05 through the acquired subsidiary and an increase in the deferred tax asset of EUR 163.886,65 due to reclassifying the asset in a subsidiary.

Increases and decreases in items of equity during the financial period

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Share capital 1.1	705 025,14	705 025,14	705 025,14	705 025,14
Share capital 31.12	705 025,14	705 025,14	705 025,14	705 025,14
Share premium reserve	201 825,51	201 825,51	201 825,51	201 825,51
Invested unrestricted equity reserve 1.1	33 692 594,08	598 500,00	33 692 594,08	598 500,00
Share issue with consideration on 22.12.*	45 997,60	33 094 094,08	45 997,60	33 094 094,08
Invested unrestricted equity reserve 31.12	<u>33 738 591,68</u>	<u>33 692 594,08</u>	<u>33 738 591,68</u>	<u>33 692 594,08</u>
Retained earnings of previous financial periods on 1 Jan.	9 566 998,54	7 707 257,41	11 080 934,81	8 544 792,65
Profit/loss of the previous financial period, carry forward	1 860 211,33	2 339 168,44	2 243 781,63	2 925 418,71
Distribution of dividend	-631 483,32	-432 659,50	-631 483,32	-432 659,50
Acquisition of own shares	0,00	-46 767,81	0,00	-46 767,81
Average rate difference	0,00	0,00	48 130,62	-38 916,91
Changes in translation differences	0,00	0,00	-454 171,37	129 067,67
Retained earnings of previous financial periods on 31 Dec	<u>10 795 726,55</u>	<u>9 566 998,54</u>	<u>12 287 192,37</u>	<u>11 080 934,81</u>
Profit (loss) for the financial year	3 517 317,49	1 860 211,33	4 618 474,38	2 243 781,63
	<u>14 313 044,04</u>	<u>11 427 209,87</u>	<u>16 905 666,75</u>	<u>13 324 716,44</u>
Restricted equity	906 850,65	906 850,65	906 850,65	906 850,65
Unrestricted shareholders' equity	48 051 635,72	45 119 803,95	50 644 258,43	47 017 310,52
Equity	<u>48 958 486,37</u>	<u>46 026 654,60</u>	<u>51 551 109,08</u>	<u>47 924 161,17</u>

* Share issue relates to Robit Plc board remuneration. Directed share issue was given to Robit board members, in together 4893 shares. As a share subscription price has board meeting day 15.12.2016 closing price of 9,40 euros been used.

Distributable equity

Invested unrestricted equity reserve	33 738 591,68	33 692 594,08		
Retained earnings of previous financial periods	10 795 726,55	9 566 998,54		
Profit (loss) for the financial year	3 517 317,49	1 860 211,33		
Development costs	-1 106 377,93	0,00		
Total	46 945 257,79	45 119 803,95		
Depreciation difference recognized in equity			1 119 284,24	654 322,63
Deferred tax debt 20%			223 856,85	130 864,53

The amount of shares in the company by their class of share and main provisions concerning each class of share

	31.12.2016	31.12.2015
All shares are of the same class	15 883 900 pcs	15 883 900 pcs

Loans, liabilities and contingent liabilities to related parties and their main provisions

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Total of related-party loans	724 742,36	737 369,89	724 742,36	737 369,89

The loans have been used for subscription of shares in the company in a share issue with consideration, and the total amount of shares acquired by means of loans is 5,788 shares, which have been pledged as a security for the loans and which proportion of votes is 0.04 %.

Loans maturing in more than 5 years

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Loans from financial institutions	149 100,00	440 000,00	573 978,47	440 000,00

Pledges and mortgages and mortgages pledged as a security for debt as well as bills of exchange, guarantee and other liabilities and contingent liabilities

	Parent 31.12.2016	Parent 31.12.2015	Group 31.12.2016	Group 31.12.2015
Of own debts				
Business mortgages pledged as a security	42 168 787,90	6 168 787,90	42 168 787,90	6 168 787,90
Real estate mortgages pledged as a security	3 856 000,00	3 856 000,00	3 856 000,00	3 856 000,00
	<u>46 024 787,90</u>	<u>10 024 787,90</u>	<u>46 024 787,90</u>	<u>10 024 787,90</u>
Amount of loan				
Loans from financial institutions	43 395 917,78	7 889 678,73	44 103 722,45	8 886 583,60

The covenants relating to loans

The Company has financial institution loans of 41.427.039,80 € related with following covenants:

- 1) Group equity ratio must be over 32,5%
- 2) The Company has prohibition of the security for business mortgages pledged. (Negative pledge)
- 3) Net debt to adjusted EBITDA ratio is less than four.
Adjusted EBITDA is calculated using annualized net sales of acquired subsidiaries during the year.

The covenants are fulfilled. The Company follows fulfillment of covenants on regular basis.

Lease liabilities

Items to be paid pursuant to the lease agreements				
During the following financial period	141 839,59	112 900,46	666 444,77	177 950,50
Subsequently to be paid	112 728,90	153 114,02	3 845 602,80	294 310,18
Total	<u>254 568,49</u>	<u>266 014,48</u>	<u>4 512 047,57</u>	<u>472 260,68</u>

The company lease liabilities related to company cars and computers.

These terms of contract are in line with general practices in this field.

In a subsidiary the leases include also a lease for plant facility, which leaseperiod is 15 years

Other liabilities

Other guarantee liabilities	763 118,46	1 001 339,66	763 118,46	1 001 339,66
Security deposits	0,00	42 500,00	0,00	42 500,00

Derivate liabilities

Interest rate swap agreements have been outlined for 5-10 years. Pursuant to the agreements, the variable rate of the company's loans is changed into fixed rate.

	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Current value	-7 498,00	-48 520,93	-7498	-48 520,93
Value of underlying commodity	367 032,00	1 460 066,16	367032	1 460 066,16

According to the statement of the Finnish Accounting Board the negative value of derivative (EUR -7.498) has been expensed and accounted as liability. In the comparison period it was not reported as liability.

Company has terminated the interest swap-agreement after fiscal year 2016.

Investments in real estate

The company is obligated to revise the deductions of value added tax it has made for the real estate investment completed in 2010 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2019. The maximum amount of the liability amounts to EUR 196.949,53

Date and signatures

In Helsinki on 28. February 2017



Harri Sjöholm
Chairman of the Board



Tapio Hintikka
Member of the Board



Anna-Maria Ronkainen
Member of the Board



Kalle Reponen
Member of the Board



Matti Kotola
Member of the Board

Auditor's Notation

Today, a report has been given of the conduct of the audit.

In Helsinki on 28. February 2017

Ernst & Young Oy
Authorized Public Accountants



Mikko Järventausta
APA

List of accounting books and record formats and storage methods.

Accounting Books		Method of storage
Journal		CD
General Ledger		CD
VAT calculations		CD
Cash journal		CD
Accounts Receivable		Computerised partial bookkeeping
Accounts Payable		CD
Payroll accounting		Computerised partial bookkeeping, lists of transactions wage slips and pay sheets on CD
Balance sheet book		Separately bound
Itemisations of balance sheet		Separate binder

Voucher		Method of storage
Accounting voucher	00	Paper documents
Projects	01	Paper documents
Sampo USO	09	Paper documents
Nordea	10	Paper documents, statements of account on CD
Cash vouchers	11	Paper documents, statements of account on CD
Nordea USO -193	12	Paper documents
Nordea -211	13	Paper documents, statements of account on CD
Nordea -823	14	Paper documents, statements of account on CD
Sampo	16	Paper documents, statements of account on CD
Sampo CAO	17	Paper documents
Handelsbanken	18	Paper documents
Osuuspankki	19	Paper documents, statements of account on CD
VAT vouchers	20	CD
Sales invoices	30	Paper documents
Account sales, non-ledger	32	Paper documents
Account sales, payments	35	Paper documents
Purchasing invoices, WF	53	CD
Salaries	60	Paper documents
Financial statement receipts	95	Paper documents

Accounting data storage

Account books have to be archived for 10 years and the accounting records data for the financial period has to be archived for 6 years at the company's office in Lempäälä, Finland.