

Robit®

ANNUAL REPORT 2016

Growth Company



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Robit in Brief

Robit is a global growth company that sells and services drilling consumables for global customers for applications in the mining, construction, tunnelling and well drilling industries. Robit has the widest ranging offering in the drilling consumables segment, as well as a truly global footprint with 18 own sales and service points and 150 professional dealers.

The company is known for its quality products and offering combined with person-to-person service. Robit develops its products dynamically to meet even the most complex and demanding wishes and requirements of end-users.

The company's business is divided into three Strategic Business Units: Top Hammer, Down the Hole and Digital Services. The company has its own production units in Finland, South Korea, Australia and the UK, as well as an efficient subcontractor network. Robit has paid special attention to automation and robotizing, to ensure consistent quality and cost effective manufacturing.

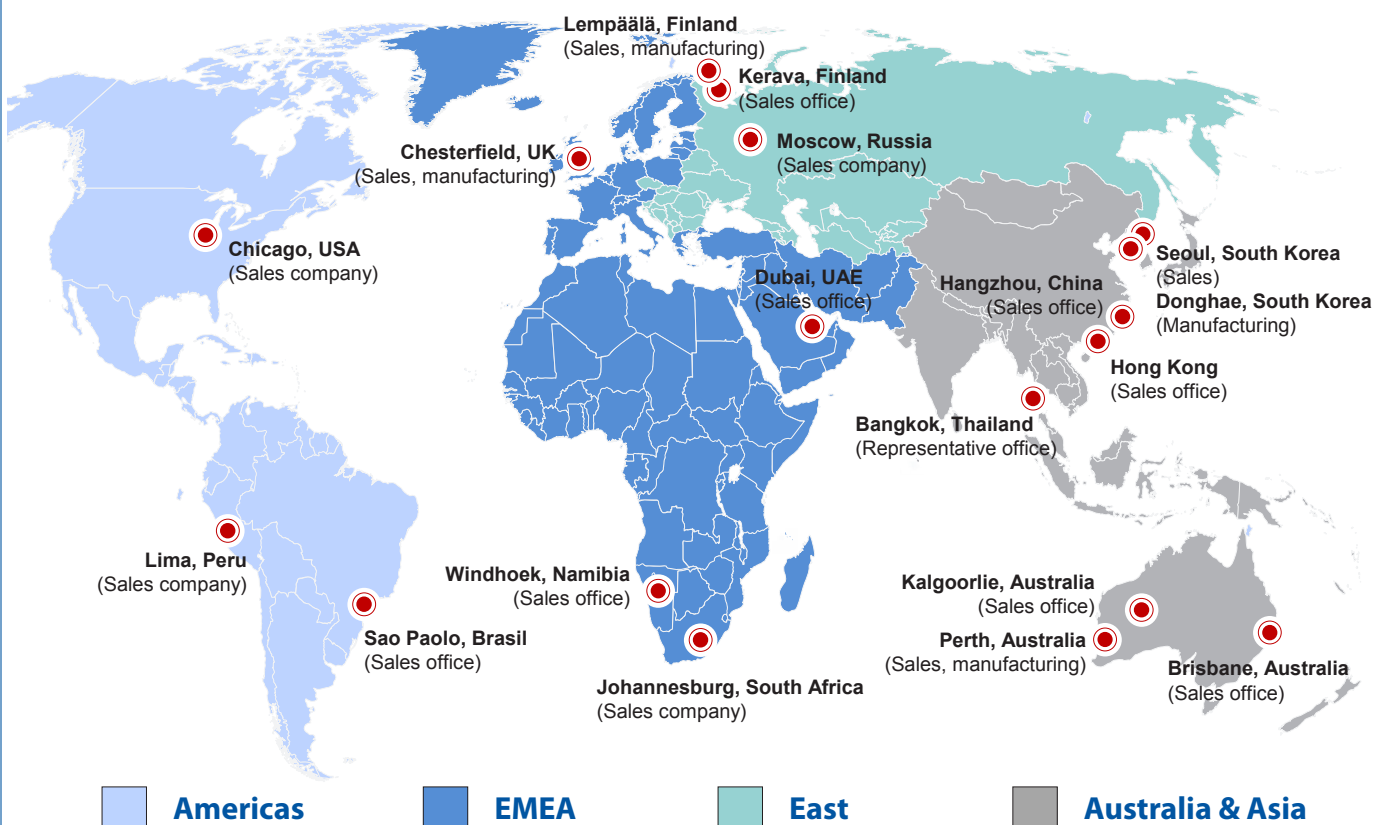
Robit's principle is to provide the same outstanding service not only to the largest mining groups and international contractors but also to small drilling contractors and well drillers. By following this principle, Robit has been able to grow continuously even though the market has been static. This is also the concept with which Robit wants to challenge the coming years.

In 2016, Robit's net sales totalled EUR 63.9 million, growth of 40.2 % from the comparative period. Profitability increased: *EBITA-% was 10.6 % (FY2015: 7.6 %). Thanks to the two acquisitions the number of personnel rose to 263, an increase of 129 persons.

The company has been listed on the Nasdaq Helsinki Ltd First North Finland marketplace since May 2015 with the trading code ROBIT. For more information see www.robittgroup.com.

*EBITA = Earnings before interest, taxes and amortization

Four regions, 18 sales and service points worldwide & four manufacturing companies



Robit Strengths



The widest offering in drilling consumables



Customer oriented and flexible



High availability globally



High automation level



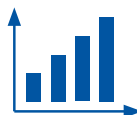
Digitalization as driving technology



Carefully selected dealers close to the customer with excellent end user service



Four well balanced legs – Mining, Construction, Tunnelling, Thermal & Water Wells



Still growing strong

Key Facts

The total number of shares is 15 883 900.

The total amount of shareholders on 31st December 2016 was 1 069 meaning 504 shareholders' increase from the first trading day on 21st May 2015.

The total number of Board Members holding shares on 31st December 2016 was 5.

The total number of company's key persons holding shares on 31st December 2016 was 3.

Robit Plc has one series of shares in which each share carries one vote.

The Ten Largest Shareholders at 31st December 2016, %

Five Alliance Oy	40.3
Skandinaviska Enskilda Banken Ab	
(publ) Helsingin Sivukonttori	6.6
Fondita Nordic Micro Cap Placeringsfond	6.3
Sijoitusrahasto Aktia Capital	4.9
Keskinäinen Työeläkevakuutusyhtiö Varma	4.8
OP-Delta –sijoitusrahasto	3.6
OP-Focus –erikoissijoitusrahasto	3.6
Nordea Pankki Suomi Oyj	2.5
Rautiainen Jussi	2.5
Sr Danske Invest Suomen Pienyhtiöt	2.3

Robit Plc Share Trend 4/1/'16 – 30/12/'16



Excellent Growth and Profitability in 2016

Robit grew significantly due to the two acquisitions made in June-July 2016. The company succeeded in improving operative profitability thanks to the growth in volume. The company also managed to enhance internal efficiency and obtained savings in purchases, which also increased the company's EBITDA. During 2016 Robit brought to completion its strategic growth concept "Robit 2.0", which was widely published in the IPO in 2015 and included major acquisitions and significant growth. This was planned and expected to bring a considerable increase in the company's size and profitability. The organization fully achieved these targets.

Greater global coverage

Thanks to the Australian acquisition in June 2016, Robit obtained a strong foothold in Australia, which previously was a minor market for the company. The acquired company Drilling Tools Australia Ltd (DTA) has a net sales of more than EUR 20 million and focuses mainly on mining. This gives Robit new and encouraging opportunities to challenge the big consumable market in Australia itself and in other countries through the subsidiaries of Australian mining companies.

Robit also expanded own network: during 2016 it established new sales and service outlets in Hong Kong, three outlets in Australia, and in Dubai, Namibia and Bangkok. Robit now has 18 own sales and service outlets with which the company aims to ensure even better availability for dealers and end-users. Robit has positive expectations for the Middle East area since the new office in Dubai coupled with the new enlarged offering especially in the Down the Hole business segment gives a positive outlook for future activities in the area.

Strong presence with enlarged offering

Robit has carried out its strategic "Growth Concept 2.0" and is looking for further growth via its "Growth Concept 3.0" that will be started in 2017. Thanks to the steps taken in 2016, Robit now has the widest offering in the drilling consumable market in the world. The comprehensive offering together with the enlarged network of distributors and its own sales and service outlets form a strong platform for further growth.

Robit significantly strengthened its operations in the Down the Hole business unit. As a result, the company now has two strong business units: Top Hammer and Down the Hole, with a wide offering that enables Robit to serve customers with a full one-stop package, which is what end-users and dealers prefer.

The third business unit, Digital Services, has completed its R&D operations with the Sense measuring technology. At the end of the year the company started active sales for the two commercialized products: M-Sense for manual deviation measuring and S-Sense for the digitalized high-technology measuring system. These two synergic products open up totally new application areas for Robit.

The year 2016 meant a big change in the organization as the company also became more global in terms of distribution of personnel. At present 75 % of the personnel is outside of Finland and the organization is globally widely spread. The total number of personnel at the end of the year was 263. Robit switched to a matrix organization so that the strategic business units (SBUs) utilize the same global sales network. This is expected to safeguard the future efficiency of the company.

63.9 M€

Net Sales increased by
18.3 MEUR

6.8 M€

EBITA

0.29 €

Earnings per share

+40.2 %

Sales Growth

10.0 %

Return on capital employed
(ROCE)

0.10 €

Proposed dividend per
share



Australia



Finland



South Korea



United Kindom

Regional Sales

The company created stronger, more customer oriented regions and reduced the number to four regions in 2016. During 2016 Robit sales developed positively in three out of its four regions. Regions are Europe, Africa and Middle East (EMEA), Asia and Oceania, Russia and CIS countries and Americas. Three regions out of four developed in a positive way.

Due to acquisitions in Australia and the UK, sales have focused more on Asia, Oceania, Europe, Africa and Middle East. It should be noted that the additional net sales consolidated from the acquired companies, DTARobit and BulrocRobit consider only 6 months period, H2. This will develop further during 2017 as financials will be consolidated for the full fiscal year. The BulrocRobit acquisition brought additional sales offices in Namibia and Hong Kong to the Robit Group.

The biggest absolute growth area was the Europe, Africa and Middle East region, where sales rose from EUR 25.0 million to EUR 29.0 million (change +16 %) even though general market growth remained modest. Asia and Oceania achieved tremendous growth, +156.7 % (from EUR 9 million to EUR 23.1 million). DTARobit's major mining accounts consolidated in the net sales made this the second largest region for Robit Group.

Robit's African operations in 2016 were marked by tough realities in the mining sector and commodity market, combined with uncertainty in individual market environments. Despite a highly depreciated South African rand and political turbulence, the Robit SA sales office was able to achieve significant growth. Apart from the performance by the sales office, the professional

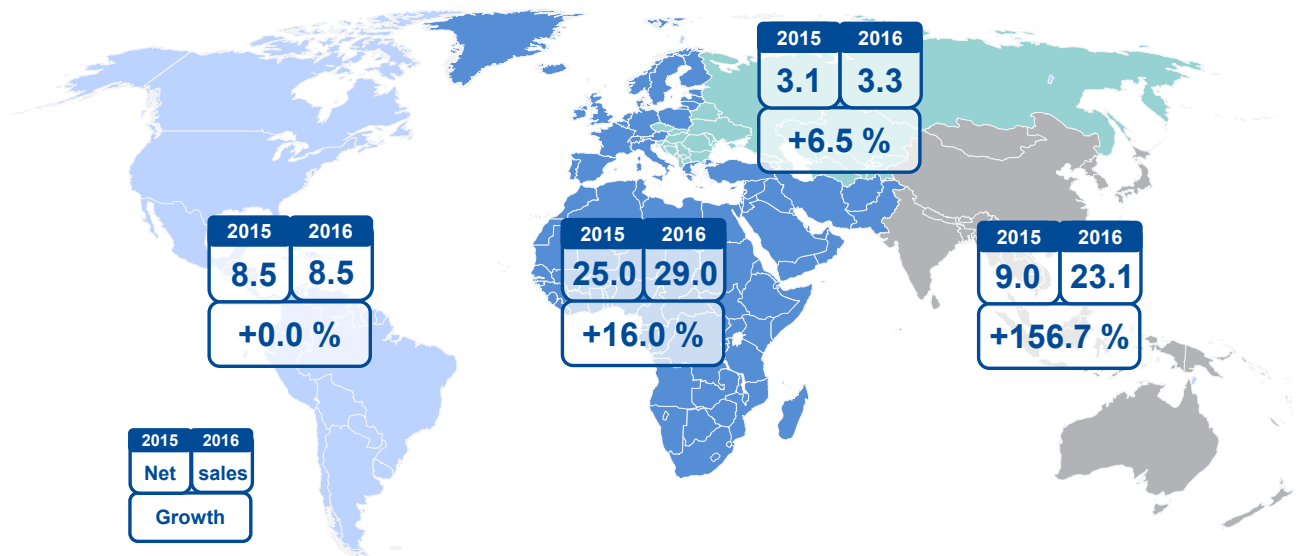
dealer network in all of Africa was reinforced on.

Middle East, which has also been combined with the European-African region, was strengthened by the Robit Plc - BFC sales company, as part of Robit Plc's globalization strategy. Its purpose is to meet the increasing demand and contacts with the Group's Middle Eastern customers.

Americas suffered from a slow start to 2016. In the United States in particular, larger piling projects in the construction sector were postponed due to political reasons. During the year the exchange rate developed positively as the euro weakened against the dollar, which boosted sales for the latter part of the year. Net sales of the region remained on 2015 level, but on H2 2016 sales grew 16,7 % compared to previous year.

Russia and CIS markets remained challenging at the beginning of the year, mainly due to the exchange rate for the rouble and because of restrictions on imported drilling consumables. Despite this, OOO Robit continued its rapid growth and roughly doubled its net sales. It expanded its customer base to medium-size companies mainly in the quarrying and construction market segment. Net sales for the Russia and CIS countries region rose +6.5 % (EUR 3.1 million to EUR 3.3 million) during the fiscal year.

In conclusion, there are early signs of improvement in the overall economic situation in most regions, and metal prices have risen during the year. This lays an excellent foundation for further growth.



Market Overview

Mining



Global segment size estimate: 700 - 900 m€

Segment direction:

- Mining appears to be slowly, but surely, getting back on its feet
- Longer industry macro cycles becoming the "new norm"

Robit offering:

- Full drill string for underground drifting, bolting and long hole drilling.
- Down the Hole hammers, bits, tubes and rotary heads for surface mining

Construction



Global segment size estimate: 600 - 800 m€

Segment direction:

- Drill piling method is gaining share in different corners of the world in stabilizing the foundations and as projects are getting larger and players bigger as global contractors raise their influence the market is looking quite promising. Also, as buildings are reaching more and more underground the need for drill and blast-equipment increases

Robit offering:

- Global leader in piling products with large DTH Hammers, and locked casing systems. Global presence in bench drilling.
- Global presence in bench drilling

Tunneling



Global segment size estimate: 200 – 400 m€

Segment direction:

- Further urbanization and infrastructure development especially in emerging world will continue to drive the need for new tunnels and underground construction.

Robit offering:

- Full drill string for face drilling and forepoling as well as for bolting and roof support

Thermal & water wells



Global segment size estimate: 400 - 500 m€

Segment direction:

- Global environmental changes and technological advances drive promising growth
- Focus increasingly shifting from traditional Nordic markets warmer areas (geothermal cooling) and water wells

Robit offering:

- DTH Hammers, DTH bits, Locked casing systems for tough ground conditions

The predictions and opinions concerning segment size and future growth shown above in this report are the views of Robit management based on current assumptions. While these assumptions on future events are believed to be founded on thorough analysis and the best available information, they should be considered as uncertain forecasts that cannot be guaranteed to occur as predicted. In consequence, actual growth trajectories may vary considerably from what has been predicted due to unforeseen events in the economic, market related, competitive, legal and international trade environments.

Vision & Strategy

100 % Drill

Robit's clear vision is to become the key global actor in the drilling consumables business segment. Robit aims to be not only a sales company, but also a growth company, that is recognized globally as a quality supplier. Robit succeeded in fulfilling the targets and promises made in the IPO 2015. In June-July 2016 Robit acquired two key Down the Hole businesses in Australia and UK. Through these acquisitions Robit took a major step in its global strategy concerning its size, geographical spread and business concept, including a broader offering.

At the end of 2016 Robit updated its strategy with the Robit 3.0 Growth Concept, which defines the further steps for growth and globalization. This growth concept includes ambitious organic growth as well as further acquisitions or strategic partnerships. The present

global presence gives significantly better possibilities for working together with customers and developing new products and product concepts for their needs. The wider offering also enables the company to offer and deliver bigger packages to customers. This meets the overall trend, where customers want more from fewer suppliers.

Robit has now aligned the company structure in two main strategic business units that are based on the following drilling methods: Top Hammer and Down the Hole (DTH). The third strategic business unit, the Digital Services business, targets the service business concept, in which key technological enablers such as IoT, sensor technology, cloud computing and Big Data form the basis for the service business. The Company is

Applications:

production drilling

well drilling

drifting & tunneling

bench drilling



Robit structure

1 Top Hammer Business Unit

Strategic targets

Organic growth

Structural

ing Consumables & Market Share Doubled

convinced that the investments in digitalization will give totally new business opportunities in the near future, both in the offering and in internal operations. The Digital Services business creates its own sales with its own offering, but also opens doors for new customers for the two other strategic business units: TH and DTH.

Robit has had a continuous investment programme for its globalization. The platform now stands at 18 physical sales and service points throughout the world, combined with the four manufacturing plants: in Finland, South Korea, Australia and the UK. This platform will constitute the basis for the future ambitious growth strategy together with the competent and comprehensive dealer network. The increasing number of customer contacts and close co-operation with customers from

different parts of the world create the prerequisites for further service concepts and product development. The platform built will also ensure availability and precise deliveries to dealers and end-users. The 18 Robit sales and service points together with 150 professional dealers provide exclusive service for end-users in the four defined market segments: Mining, Construction, Tunnelling and Well Drilling.

Robit Values

Robit's future is based on the company values it has defined. The different nationalities share the common values, which emphasize: Result orientation - Openness and transparency throughout the operations - Business with ambitious growth - Individual respect - Trust in each other.

piling

micropiling & underpinning

forepiling

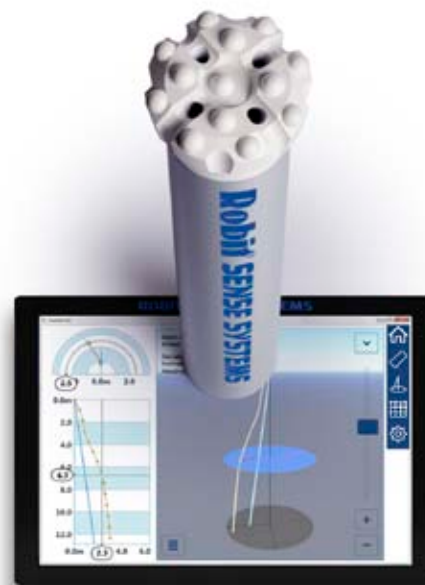
site investigation

anchoring

horizontal drilling



2 Down the Hole Business Unit



3 Digital Services Business Unit

growth

Cost competitiveness

Turnover/capita >500k€

CEO's Letter

2016, Year of massive expansion Robit finalized two company acquisitions

Year 2016 was especially a year of structural growth. As a part of strategy Robit acquired first Drilling Tools Australia Pty Ltd (DTA) and a week later UK-based Bulroc (UK) Ltd. Due to acquisitions Robit's competitiveness and offering in DTH markets rose to a new level.

Robit's strategic goal for some time has been to build up and enlarge offering. The company created three strategic business units (SBUs) in January 2016. The first was the Top Hammer unit, which is what the company was originally established for 1985 - manufacturing top hammer bits. Shank adapters and drill rods for top hammer drilling were not in the manufacturing range. This changed in 2011 when Robit bought South Korean equipment manufacturer Youngpoong CND. Encouraged by this step, Robit separated the Down the Hole business (DTH) to form its own SBU, and a similar strategy was created for it. Robit started with ground drilling systems offering did not cover DTH hammers or DTH bits and drill tubes. Robit wanted this strategic business unit cover all necessary products in order for customers to purchase everything from one stop.

DTA fits in very well with Robit's market strategy, since Robit has had only a limited amount of business in Australia, especially in the mining segment. Robit knew this was a big market for drilling consumables, but the company just lacked a solid presence there, except dealers for the construction segment. At the same time, Robit and DTA complement each other's offering. Robit obtained the DTA hammers and bits it was lacking, and Robit was able to supply the full Top Hammer product range to DTA for its offering.

Bulroc focused mainly on big Down the Hole hammers and bits, which gave products needed to complete Robit Group's global offering.

The market situation at the beginning of 2016 was really challenging. As the result of major efforts in the customer interface and persistent sales personnel, together with an active, professional dealer network, the situation started to improve and net sales levels started to grow during H2/2016. Total net sales in 2016 reached EUR 63.9 million, growth of 40.2 % from the comparative period.

Robit's now has a broad product offering, as the company has everything from Top Hammer to Down the Hole consumables. After several years of intensive R&D, Robit's third business unit – Digital Services – has reached the stage that commercialization is starting in full in 2017.

I would like to thank personally all our customers, dealers, employees, partners for their efforts in developing the company and shareholders for their trust to Robit.

Lempäälä, December 2016

Mikko Mattila
Group CEO



Growth, growth, growth! That was the all-encompassing theme for the year 2016 and next one. We wish you a prosperous year of growth in 2017!



Robit Family

The number of Robit personnel globally rose to 263, which of 75% were outside of Finland. This strengthened Robit's firm understanding that skilled personnel are the key to the company's competitiveness and success. Competent, skilled personnel has become one of the company's main strategic cornerstones. The company continued to provide Management Training Programme for key managers.

The company has reached a size that enables to recruit the best international resources for global needs. The Robit brand seems to attract talented personnel, which can be seen in an increase in the number of applications received for different positions. The role of management and leadership will be even more important in the future in order to implement a successful growth strategy.

Robit's long-term HR strategic priorities are to:

- Strengthen existing know-how and competences
- Find and source new know-how in areas such as sales, digitalization and management skills
- Become truly global in all areas of the international business environment
- Ensure readiness for change and renewal
- Expand and deepen know-how in understanding customers

As part of the Robit brand, the company wants to be seen as a young and dynamic actor in this industry, which is supported by an average age for its personnel of 41 years. Those between 30 and 39 years of age form the biggest age group, accounting for 37% of the total. Robit also relies on the experience and competence of seniors as part of its business concept. Five per cent of personnel were over 60 years of age, which contributed to this goal.



Robit paid special attention to existing employees, in order to achieve individual and team-based commitment. Company emphasised professional development, occupational wellbeing and safety issues, as well as attractive and competitive incentive systems.

In Robit's further global growth the focus in HR has been and will be to find competent and committed personnel for the most important key positions. This, together with retaining existing personnel, constituted the core of HR activities. This took place in practice by offering challenging and interesting tasks and jobs globally.

Robit has always invested significantly in Robit branding and this will increase. An attractive company image plays an important role in obtaining talented personnel.

Robit also started a more comprehensive HSE development program. Robit Group received considerable new knowledge in the acquisition of DTARobit, where the HSE culture was deeply integrated with the organization and daily working practice. The Australian team will be responsible for launching this knowledge throughout the Robit organization.

The personnel survey was conducted again in 2016 for the whole global group. This showed good results regarding job satisfaction. It also revealed that personnel were satisfied with the market and customer orientation of the company as well as with their own task and task management. Further improvements were looked for in job rotation and in more open sharing of information and knowledge.

Robit's dealers and staff at the MEGA Dealer event at Tampere Hall in September 2016.



Corporate Responsibility

Caring for safety

Health, Safety, Environment and Quality have been at the forefront of the operations of all the companies now within the Group. In all the business units there were existing procedures and measures in place for the health and well-being of the employees and for the safety of everyone employed. The most important principle the Company wants to follow is that employees have physically and mentally safe work environment. Any noted defects will be corrected immediately.

Employee health management and protection from harm has been carried out through slightly different approach in the companies, but with a common aim – to keep team members safe and healthy. These approaches range from well documented occupational health and risk assessment systems, well-being testing and vaccinations through to leisure activities and other life style components. These practices are now being consolidated and the most effective ones standardized where applicable. In occupational health and safety, Robit Group will hold itself to the highest of standards and since the acquisitions the work has started to consolidate and coordinate health and safety efforts in all Group companies and functions. The benchmark in the Group in these matters is DTA Robit, whose focus is with LEAD Indicators and risk management. Many of the processes and measures in place there will be

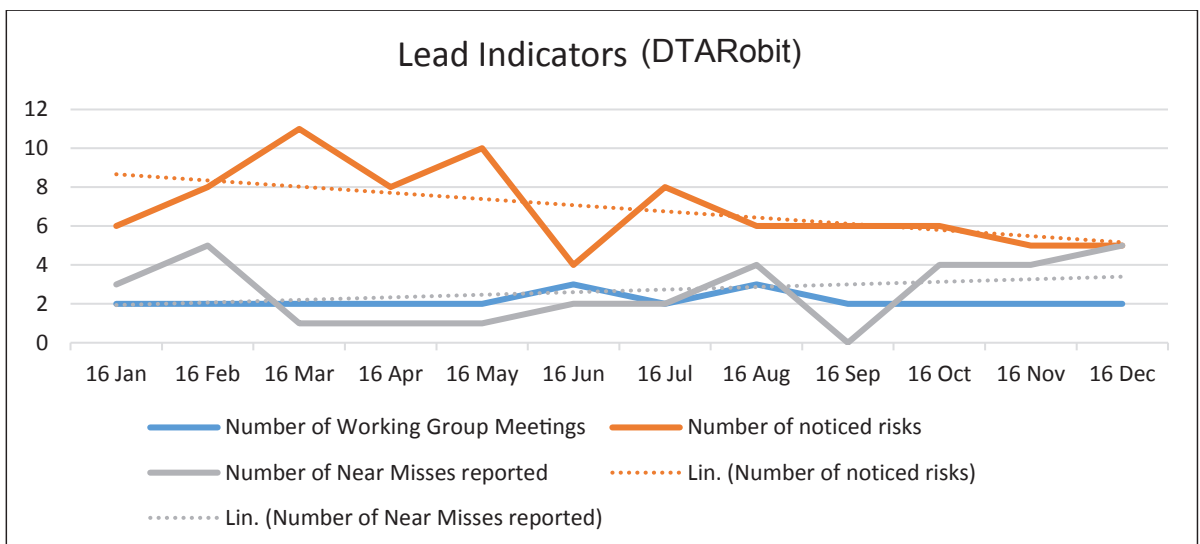
rolled out to the entire group. However, at this time it is not possible to release comparable statistics from all units.

DTA Robit results include (as at 31 Dec 2016)

- 1770 days LTI free



Below is seen the lead indicators of DTARobit from Australia.



Caring for the Environment

The management system ensures that a wide range of environmental issues is systematically considered and controlled, and that control effectively leads to the intended goals. Identifying environmental opportunities and risks is a cornerstone in achieving the Group's targets and building a proactive system.

DNV GL Business Assurance Finland Oy Ab has issued an environmental management system certificate in accordance with the ISO 14001:2015 standard to the Robit Lempäälä location on September 2016. As a first step, the management system has been implemented in Finnish locations, and will be implemented later throughout the Robit group.

The environmental management system also involves several aspects that enhance cooperation and communication between relevant stakeholders. For company personnel, the ISO 14001 system creates a channel for improving the environment and work safety, and it also strengthens overall satisfaction.

A certified system enhances the competitiveness of the company by ensuring continual improvement, and it is a signal of responsibility to external stakeholders.

As a result of this system implementation, tools such as the online chemical register and HSE legal compliance management tool have been taken into use to ensure a systematic approach. Environmental awareness among personnel has been improved through internal training. To reduce the amount of municipal waste, the company has improved the facilities for waste sorting. A total energy audit has been conducted at the Lempäälä premises. Improvements to save energy include switching lighting at the production plant to LED and upgrading the heating method at Vikkiniityntie 5 (the Robit Technology Center) from oil to district heating.

Robit environmental targets

- Reducing material loss
- Reducing energy consumption
- Reducing harmful impact of waste



Top Hammer Business

Through the Rock

The Top Hammer business offers the full range of products for top hammer drilling in all construction, quarrying and mining drill and blast applications, from soft rock to the hardest rock conditions. A top hammer drill rig is a hydraulic or pneumatic powered drill, in which the drifter, the percussive element, is placed on top of a feed device.

The following product categories are included in Robit's Top Hammer business unit: Button bits, drilling rods, shanks and couplings, push-on button bits and RoX top hammer casing systems for forepoling. Button bits and RoX top hammer casing systems are manufactured in Finland, and drilling rods, shanks and couplings are made in South Korea. Some items are purchased from a third party to complete the offering. Grinding, consignment and drill metre contracts are additional services in the Top Hammer business portfolio.

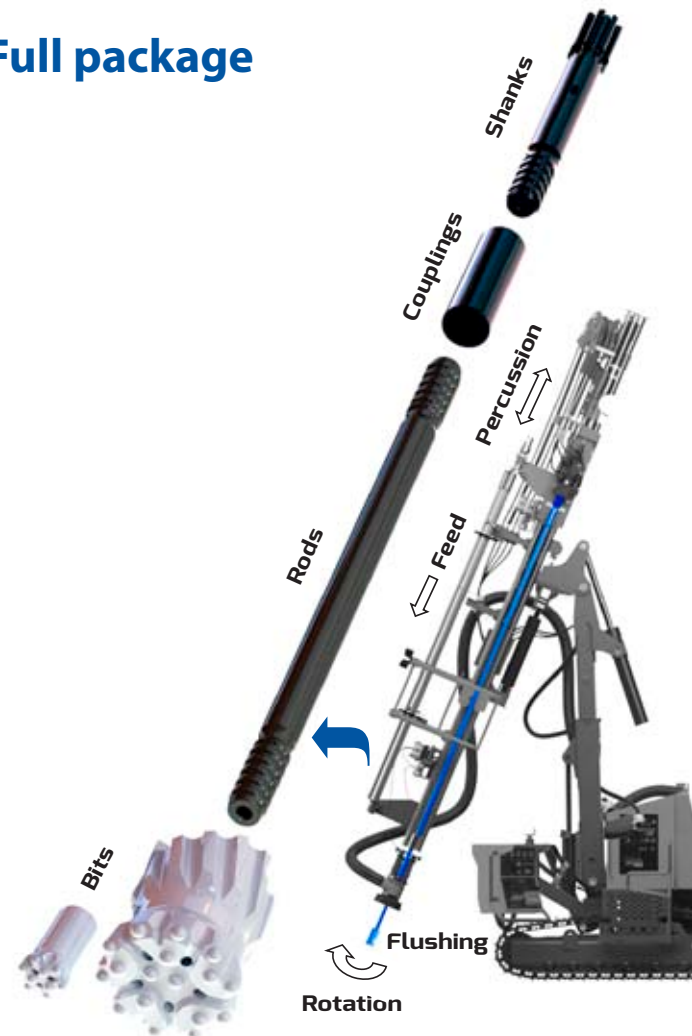
2016 was a good year for Robit's top hammer business unit. Sales in Europe, Africa and Asia developed very well. Through the acquired companies - DTA in Australia and Bulroc in UK - and the new sales offices in Hong Kong and Dubai, Robit has gained a stronger presence and sales channels in these geographical areas.

Growth in sales especially of drilling rods and shanks continued strong, which is a clear indication that the continuous development of the rod and shank manufacturing process and product quality has yielded the expected results. The offering of all rod lengths up to 6.4-metre-long drifter rods, the large range of shanks and lately also the top hammer drill tubes have created new opportunities in tunnelling and mining applications.

Meeting the special needs of customers in the button bit offering has ensured an increase in bit sales as well. Small batch manufacturing together with the fully automated Lempäälä factory has allowed Robit to supply constant, high volumes of threaded bits to keep up with demand. The high level of automatization and robotization in production also enabled Robit to improve cost competitiveness and ensure manufacturing efficiency.

All Robit® products are manufactured from steel produced in ecologic way. In the environmentally friendly steel production process the CO² emissions have been reduced by 80 %. Some 95 % of the process waste is recycled, including the process smoke, which is filtered.

Full package



* Drilling principle for top hammer: The hammer produces a percussive force on the drill rods or tubes, which is transmitted to the drill bit. The feed device is usually attached with a hinged boom to a mobile unit. The percussive system strikes the drill rod, for example 2,000-5,000 strikes per minute, and the rotation speed can be, for example, 60-200 rounds per minute. Together these elements make it possible to drill holes in the hard rock. The excess material (cuttings) is flushed up from the bottom of the hole by means of pressurized air or water. Top hammer drills are primarily used in mining, construction and quarrying of rock material. Top hammer drilling, combined with the "drill and blast" method, makes the whole excavation process extremely efficient.

Demand for Robit's RoX products for forepoling applications has continued at a high level globally, especially in North America, Central Europe and Asia. Customers and operators have found the system to be very user friendly. The 76 millimetre RoX glass fiber reinforced polymer (GFRP) casing system allows Robit customers to drill an average of 20 metre face bolt holes with less than 1% deviation. This brings clear time savings in drilling projects. RoX products allowed Robit to further raise its market share in the tunnelling segment.

The increase in sales in the Top Hammer business for FY 2016 was 12.0 %. Thanks to Robit's continuous development and the collaboration of our dealer network and the quality of its Top Hammer products, the Company was able to win new customers and increase sales. The Top Hammer offering portfolio was filled out with drill tubes, which supports organic growth for bits and drill steel products. Customers worldwide have approved Robit® quality in surface drilling and face drilling, in large tunnelling sites and mining and in long hole and bolting applications.

52 %

Share of sales by business



Drilling tests in Uganda, summer 2016 with HTG 45C089DS Ball bit. After the test contractor Reynold's Construction Ltd chose Robit as the main supplier of drilling consumables to their quarries.



Tunnelling excavation in the Far East with Robit products.

Down the Hole Business

Expanding the portfolio

The Down the Hole (DTH) business covers all operations related to the Down the Hole drilling method*. In 2016 this business segment was expanded greatly by two major acquisitions: Drilling Tools Australia Pty Ltd (DTA) and Bulroc (UK) Ltd (Bulroc). This expanded Robit Group's Down the Hole product portfolio so that it includes the full range of consumables, strengthened the Group's presence in two main market segments: mining and construction, and extended its manufacturing footprint to two new countries. With the established Robit DTH product portfolio, and through the acquisitions and existing strategic partnerships, we now have a complete portfolio of products and services for the entire market segment. Our DTH product range stretches from one inch to 33 inches on hammers and up to 48 inches on casing advancement systems.

DTH drilling is primarily used in surface and underground mining, in the construction industry, in piling, and in drilling water wells and geothermal holes for ground source heat pumps and cooling.

The main product categories within the Robit DTH business unit are:

- DTH hammers
- DTH bits
- DTH casing advancement systems
- Shock absorbers, subs
- DTH tubes
- Rotary bits

These products are used in the following customer applications:

- Mining (both production and exploration)
- Quarrying
- Piling and micro-piling
- Well drilling (water and thermal heat and cooling)
- Drill and blast construction

*"THE SMALLEST AND THE LARGEST HAMMER"
(based on the piston weight)*

Product development & technical consultant Frank Pettinger from BulrocRobit holding the smallest 1" hammer in his hands. Beside is seen the brand new 33" monster.

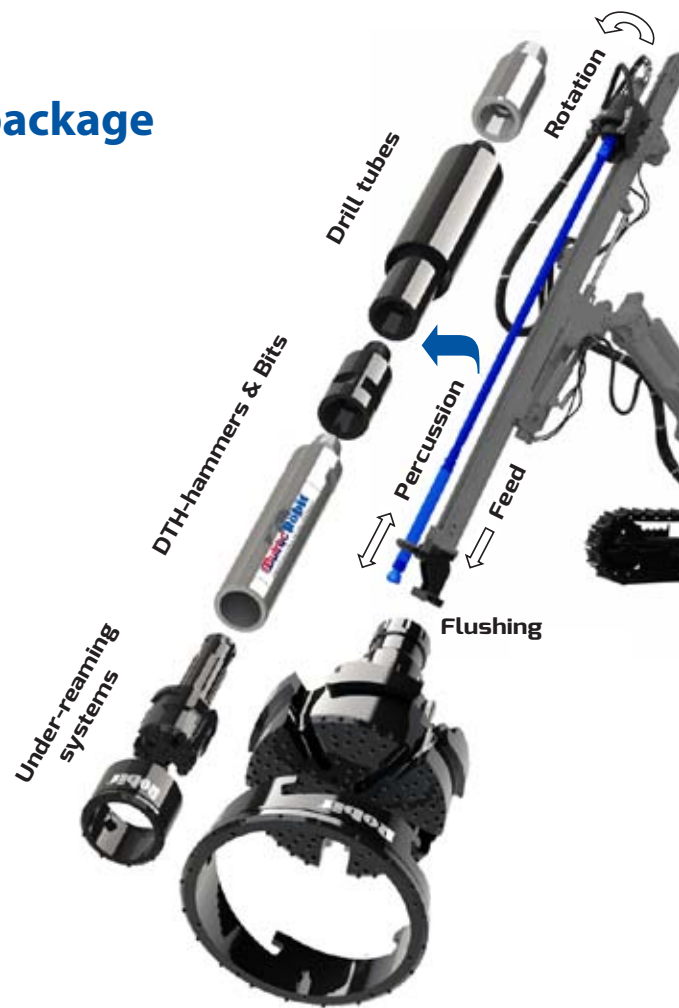
- BR1 hammer piston weight 1 kg
- Hyper 331 hammer piston weight 1552 kg

The Down the Hole business increased 93.6 % in 2016. In addition to the acquisitions, Robit continued to develop the sales and sales channels of its products, through both direct sales and the distribution network. This had a positive impact on sales. After the acquisitions, considerable efforts were put into extending the knowledge and capability of the internal sales organization and of distributors. The Company also clarified the distribution management model – it will now have Premium Dealers and Dealers, based on the mutual depth of the relationship. This will open new markets for the newly acquired products. The work started to bear fruit by the end of the year, with an increasing number of enquiries for the products from new markets. The markets have embraced the total offering and strengthened service capability with enthusiasm and increased activity.

Through the acquisitions Robit is now in a leading position in the DTH mining segment in Australia, in the piling segment in North America and Hong Kong, and in the well drilling segment in Scandinavia, where 'the old Robit' already had a significant market share. The next phase is to scale each market position to a global scale.

In Research and Development, the DTH Prime product range was extended, which started to consolidate the volumes of several other point solutions/products within the casing advancement systems product portfolio. Prior to the acquisition, Bulroc launched its first hammer in the high pressure hammer category with the P41 hammer series. After the acquisition most efforts went into understanding, categorizing and simplifying the product portfolio, apart from a few strategically significant development projects for new products, which will be launched in 2017. One of these is the new 33 inch hammer, which is the most powerful Down the Hole hammer on the market. The development projects saw the first successes in combining the knowledge of people from the three companies, and strengthened the sense of 'One Robit' within the organization.

Full package



*DTH is mainly a pneumatic powered rock or ground drill, in which the percussive hammer is located directly behind the drill bit, so the percussion mechanism follows the bit down into the drill hole. The drill pipes transmit the necessary feed force and rotation to the DTH hammer and bit, as well as compressed air for the DTH hammer. Air flushes cuttings up from the bottom of the hole. Drill pipes are added to the top of the drill string as the hole gets deeper. The piston directly strikes the impact surface of the bit, while the hammer casing gives guidance to the drill bit. The fast hammer impact breaks hard rock into small particles, which are blown up by the air exhaust from the DTH hammer.

Quarry in Belgium – 4" BulrocRobit hammer in use.



48 %

Share of sales by business

Digital Services Business

Pioneer in Drilling Process

2016 has been a very productive and satisfying year for the Digital Products Business unit, and the importance of digital products to the Robit business was emphasized in early 2016 when it became its own Strategic Business Unit (SBU), alongside the Top Hammer (TH) and Down the Hole (DTH) SBU's.

The concept of Robit digital products has been around since the mid to late 2000s, with continuous and consistent efforts being made to develop the S Sense or surface drilling deviation logger. Following a 'soft' launch over 12 months ago, the product has been undergoing rigorous field testing at several customer sites, and as a result of the testing and ongoing customer feedback and input, the product will be

commercially available in early 2017. Feedback from recent trade shows indicates a very positive response as the information from the S Sense can assist in directly improving the safety, efficiency and productivity of customer operations.

The development of this product also led the SBU to think of other potential digital products and opportunities, and so an extensive and comprehensive digital strategy has now been developed, looking at the quarrying, mining and construction drilling value chain.



The M Sense or manual deviation logger is presently under testing, and again customer feedback for opportunities appears strong. The product is in the final stages of testing and again will be launched in early 2017. To complement the first two products, the SBU is presently working on another four 'Sense' products that should be tested and available during the 2017 calendar year.

All of the above products have been and are being developed in close co-operation and consultation with our customers both domestically and internationally. These products will not only assist in Robit's profitable and ambitious growth, but also provide Robit and its customers with a longer term competitive advantage.

The Robit Sense Systems 'S' series has got side of the new 'M' series for handheld measuring operations.



The Robit Sense Systems measuring technology has now been tested in Finland, Pargas limestone quarry for well over two years successfully.

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	<u>-32 650 561,43</u>	<u>-27 788 981,73</u>
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	<u>-11 107 393,48</u>	<u>-7 339 242,57</u>
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	<u>768 742,53</u>	<u>-406 253,69</u>
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	<u>4 618 474,38</u>	<u>2 243 781,63</u>

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		
Advance payments	5 630 115,47	4 140 573,74
Total inventories	12 272,72	0,00
	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	31 Dec. 2016	31 Dec. 2015
EQUITY AND LIABILITIES	€	€
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 Kingdom (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 expenses	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	<u>3 856 000,00</u>	<u>3 856 000,00</u>	<u>3 856 000,00</u>	<u>3 856 000,00</u>
	46 024 787,90	10 024 787,90	46 024 787,90	10 024 787,90
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	<u>112 728,90</u>	<u>153 114,02</u>	<u>3 845 602,80</u>	<u>294 310,18</u>
Total	254 568,49	266 014,48	4 512 047,57	472 260,68

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

AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Robit Plc

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Robit Plc (business identity code 0825627-0) for the year ended 31 December, 2016. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on 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 good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism 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 parent company's or the group'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 the Board of Directors' and the Managing Director'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 parent company's or the group'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 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 so that the financial statements give 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.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors and the draft Annual Report prior to the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the other information, we are required to report this fact. We have nothing to report in this regard.

Helsinki, 28 February 2017

Ernst & Young Oy
Authorized Public Accountant Firm



Mikko Järventausta
Authorized Public Accountant

Robit Oyj (hereinafter, the "Company") is a public Finnish limited liability company. The shares of the Company are traded on the First North Finland market place of NASDAQ Helsinki Ltd. The Company's governance is subject to the Finnish Companies Act, the Securities Market Act, the Accounting Act, the rules of First North Finland as well as the Company's Articles of Association.

As the Company's shares are not listed on the main list of NASDAQ Helsinki Ltd., the Company is not subject to the Finnish Corporate Governance Code (the "CG Code").

Group structure

The parent company of the group is Robit Oyj. The domicile of the Company is Lempäälä, Finland. The parent company is the owner of the Robit group of companies. The Company has subsidiaries: Robit Finland Ltd, Finland (ownership 100 %), Robit Australia Holdings Pty Ltd, Australia (ownership 100 %), Drilling Tools Australia Pty Ltd, Australia (group ownership 100 %), Bulroc (UK) Ltd, United Kingdom (ownership 100 %), Robit PLC-BFC, UAE (ownership 100 %), Robit Rocktools Sweden Ab, Sweden (ownership 100 %), Robit Korea Ltd (previously YP Robit Ltd), South Korea (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 Africa Holdings (Pty) Ltd, South Africa (ownership 100 %). The Company also sales offices in China, Thailand, Hong Kong, Namibia.

The subsidiaries Robit Rocktools Sweden Ab and Robit Africa Holdings (Pty) Ltd are dormant. The Company's governance is organised through the General Meeting, the Board of Directors and the Chief Executive Officer. In addition, the Company has a Global Management Team led by the Chief Executive Officer.

General meeting of shareholders

Shareholders participate in the administration and management of the Company through resolutions adopted at the General Meeting of Shareholders. In general, the Board of Directors convenes the General Meeting of Shareholders. In addition, a General Meeting of Shareholders must be held pursuant to the Companies Act when requested in writing by an auditor

of the Company or by shareholders representing at least one-tenth of all the issued shares.

General Meetings usually handle the matters placed on its agenda by the Board. According to the Finnish Companies Act, shareholders may also request the company's Board of Directors to place a matter on the agenda of the next General Meeting. The Company states well in advance on its website the date by which a shareholder must declare his or her demands for matters to be dealt with at the Annual General Meeting.

Major matters subject to the decision-making power of a General Meeting include: amendments to the Articles of Association; increases or decreases in share capital; issuance of shares; decisions on the number, election and remuneration of Board members; adoption of the financial statements; and distribution of profits / allocation of losses.

Board of Directors and committees

The Board of Directors has general responsibility for the Company's governance and the appropriate organisation of operations. The Board of Directors has approved rules of procedure that define the matters within the Board of Directors' responsibility. The Board of Directors affirms the principles of strategy, organisation, accounting and controlling the management of assets, and appoints the CEO of the Company. The CEO is responsible for carrying out the strategy of the Company and for day-to-day administration based on the instructions and orders issued by the Board of Directors.

The Company's Board of Directors consists of 3-6 regular members. The term of the members of the Board of Directors ends at the end of the first Annual General Meeting of Shareholders following the election. The Board of Directors elects a Chairman from among its members for the duration of one year at a time. The Board of Directors has set up three committees; the Nomination, Remuneration and Working committees.

In 2016, the Board of Directors convened 15 times, and six of these were conference calls. Attendance at the meetings was approximately 96 percent.

There are five members of the Board of Directors. The members of the Board of Directors are presented in the table below.

Current members of the Board (elected in the General Meeting held on 18 March 2016)

Participation to board meetings:

Name	Year of Birth	Status	On the Board Since	Participation in board meetings
Harri Sjöholm	1954	Chairman	1998	100 %
Tapio Hintikka	1942	Member	2008	100 %
Anni Ronkainen	1966	Member	2016	75 %
Matti Kotola	1950	Member	2015	100 %
Kalle Reponen	1965	Member	2012	100 %

In addition to members of the Board the following members are attending the Board of Directors meetings:

Name	Year of Birth	Status	On the Board Since
Jari Gadd	1966	Secretary	2015
Kai Öistämö	1964	Advisor	2015

All members of the Board are independent of the Company and any significant shareholders of it with the exception of Chairman of the Board Harri Sjöholm, who is Chairman of the Board at Five Alliance Oy

Nomination Committee

The Nomination Committee was established on 20 October 2015. The Committee consists of two board members Harri Sjöholm (COB) and Tapio Hintikka and one non-board member Kai Öistämö.

Remuneration Committee

The Remuneration Committee was established on 20 October 2015. The Committee consists of two Board members Harri Sjöholm (COB) and Tapio Hintikka and one non-board member Kai Öistämö.

Working Committee

The Working Committee was established on 5 February 2014. The Committee consists of three board members Harri Sjöholm (COB), Matti Kotola and Kalle Reponen.

Duties of the Board of Directors

The duties of the Company's Board of Directors are set forth in the Companies Act and other applicable legislation. The Board of Directors is responsible for the management of the company. Its responsibilities include to: deliberate and decide on the Company's strategy; confirm the business plan and budget as well as financing transactions (in so far as they do not fall within the responsibility of the shareholders); deliberate on and approve interim reports and/or

interim management statements, the annual accounts and the Board's reports; confirm internal control and risk management systems and reporting procedures; decide on any bonus and incentive schemes for management and any general or special pension schemes, profit sharing schemes or bonus schemes for employees of the Company; decide on any contracts that, given the scope and nature of the activities of the Company, are of an unusual nature, or significant importance such as long-term lease contracts; decide on related party transactions; and appoint or dismiss the CEO. Other employees belonging to the management team of the Company are appointed by the CEO and approved by the Board of Directors.

As the Company does not have a separate audit committee, the Board is also responsible for the duties of the audit committee. These include the following: Monitor and supervise the reporting process of the Company's financial statements, such as annual financial statements, interim reports and annual and half-yearly releases; Monitor and supervise the Company's financial reporting; Monitor and regularly evaluate the efficiency of the Company's internal control and risk management systems and its internal audit function, and any descriptions of these systems and functions in the Company's disclosures; Monitor

the statutory audit of the financial statements and consolidated financial statements; Evaluate the performance and independence of the external auditor; Approve the external auditor's annual audit fees under the guidance given by the shareholders at the Annual General Meeting; Prepare the decision concerning the election of the auditor

Remuneration for the Members of the Board

The remuneration of the Members of the Board of Directors is decided on by the Annual General Meeting. On 18 March 2016, the AGM decided that the Chairman of the Board to be paid until the next AGM EUR 35,000 per year and each member EUR 20,000 per year. Remuneration for the members of the Board will be paid so that 40% of the specified annual amount will be used to purchase Robit's shares or alternatively the shares may be conveyed by using the own shares held by the company, and the rest will be paid in cash. Salaries, remuneration and other benefits paid in 2016 to the Board of Directors were as follows:

Harri Sjöholm
EUR 40,500 including 1,489 Robit shares

Tapio Hintikka
EUR 27,100 including 851 Robit shares

Matti Kotola
EUR 35,500 including 851 Robit shares

Kalle Reponen
EUR 36,500 including 851 Robit shares

Anni Ronkainen
EUR 22,000 including 851 Robit shares

Chief executive officer

The company's CEO is in charge of the Group's business operations and corporate governance in accordance with legislation, Robit Corporation's Articles of Association and instructions and regulations issued by the Board. The detailed terms of employment of the CEO are specified in a separate contract which has been approved by the Board. The CEO is not a member of Robit's Board of Directors. The acting CEO from 2 January 2016 until 31.12.2016 was Mikko Mattila M.Sc. (Engineering), b.1977. The current acting CEO of Robit,

Harri Sjöholm, b. 1954, M.Sc. (Engineering), assumed his present responsibilities on 1 January 2017 until new CEO is appointed. The company Board of Directors decides on the salary, remuneration and other benefits received by the CEO. The salary, remuneration and other fringe benefits paid in 2016 to the former CEO, Mikko Mattila, totalled EUR. 182,973 In addition, there was an additional voluntary pension payment of EUR 8,000 in the financial year. There were no share based benefits in the financial year.

Management team

The Robit Global Management team is chaired by the CEO who reports to the board of Directors. On the date of this Annual Report, the Group's Global Management Team consisted of five members including acting CEO, to whom the Management Team members report. The members of the Management Team are presented on page 62. The Management Team handles the main issues that concern managing the company, such as issues related to strategy, budget, interim reports and acquisitions, and prepares investments for approval by the Board of Directors. The Management Team meets, as a rule, once a month and at other times, when necessary. Decisions concerning incentive and remuneration systems for management are made by the Board of Directors based on the proposal made by the CEO. The salary for all members of the Management Team consists of a fixed basic salary and a results-based bonus. The amount of the results-based bonus is determined by the company performance, the business area in question and other key operative objectives.

Internal controls and risk management

The Board of Directors of the Company decides on the Company's risk management policy and defines the framework for the level of risk management in the Company. The Company's operative management is responsible for actual measures related to risk management in accordance with the risk management policy.

The objective of managing financial risks is to protect the operating profits and cash flows of the business, and to efficiently manage fundraising and liquidity. The Company aims to develop the predictability of results, future cash flows and capital structure, and to adapt business operations to the on-going changes in the operating environment.

The Company faces certain generic financial risks while conducting its operations. These risks include foreign currency exchange risk, interest rate risk, liquidity risk, refinancing risk and counterparty risk (credit risk). Below is a description of the Company's main financial risks and the most important risk management methods.

Main features of the internal control and risk management systems pertaining to the financial reporting process

The Board of Directors of Robit is responsible for the implementation of internal control with regard to financial reporting. The Company's Chief Financial Officer and the Finance and Control Department are responsible for financial reporting. Reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Company's Finance and Control Department determines the control measures applied to the financial reporting process, which include various guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analyzed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the Company's finances.

The Company's Finance and Control Department is responsible for the effectiveness of internal control. The Finance and Control Department is responsible for assessments of the reporting processes. The risks pertaining to financial reporting and the related management measures are determined as part of the risk management process.

IR Principles

Disclosure principles

The Company complies in its disclosure policy with the rules and guidance of the Nasdaq First North Finland market place and, as applicable, the rules and guidance of Nasdaq Helsinki Ltd, and with the Limited Liability Companies Act (624/2006, as amended), the Finnish Securities Markets Act (746/2012, as amended) and other applicable regulation, and with the EU

Market Abuse Regulation ((EU) No 596/2014) and the subordinate regulation issued in accordance with it, as well as with the guidance of the Finnish Financial Supervisory Authority and of the European Securities and Markets Authority (ESMA). The objective of the regulation is to ensure fair and simultaneous access for all stakeholders to such information that would be likely to have a significant effect on the price of the financial instruments of the Company.

Principles of communication

The CEO of the Company is responsible for communication. The Company publishes, as required by the applicable regulation, as soon as possible, all inside information that directly concerns the Company. Inside information is information of a precise nature that has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the Company's financial instruments, such as the shares of the Company, or on the price of related derivative financial instruments. The Company may, on its own responsibility, delay public disclosure of inside information provided that all of the conditions for delaying the disclosure of inside information are met. When the information is disclosed to the public, the Company informs the Finnish Financial Supervisory Authority of the delayed disclosure.

The Company evaluates independently whether certain information is likely to have a significant effect on the price of the Company's financial instruments. Information is regarded as likely to have a significant effect on the prices of financial instruments, if disclosed, if a reasonable investor would be likely to use the information as part of the basis for their investment decision.

For example, information related to the following issues may constitute inside information:

- changes in key personnel
- capitalized long-term investments
- significant partnership and commercial agreements
- significant business or financial transactions

Furthermore, in some cases information will need to be published pursuant to the rules of the Nasdaq First North Finland market place even if it is not regarded as inside information.

Communication methods

The Company publishes information as company releases. Company releases are delivered to the Nasdaq First North Finland market place, key media and other parties required by applicable regulation, and published on the Company's website. Changes to disclosed information are published in the same manner as the original information.

Communication language

The Company publishes its information in both Finnish and English.

Silent period

Prior to the publication of interim reports or other financial reviews, the Company observes a 21-day silent period, during which the Company does not organize investor events or participate in one-to-one meetings with the press, analysts or investors. The Company will also publish inside information or other information that it is obliged to publish under applicable regulation during the silent period.

Rumors

In principle, the Company does not comment on any rumours circulating in public, on the share price performance, the operations of competitors or customers, or analysts' estimates, nor on confidential or uncompleted business operations unless the Company deems it necessary. However, where a rumour explicitly relates to inside information the disclosure of which has been delayed and the rumour is sufficiently accurate to indicate that the confidentiality of that information can no longer be ensured, the Company publishes a company release regarding the matter as soon as possible after the Company has become aware of this.

Insiders

The Company complies with the requirements related to insider issues applicable to First North companies. The Company complies with the applicable legislation and regulation as well as with guidance from the Finnish Financial Supervisory Authority and the European Securities and Markets Authority, and with the Nasdaq Helsinki Guidelines for Insiders and the Company's own insider policy.

If the Company decides to delay the disclosure of inside information, it immediately establishes an insider list concerning inside information. Every person to whom inside information is disclosed, is entered in the Company's insider list promptly. The information in the insider list is not public.

The Company has identified the persons discharging managerial responsibilities at the Company as defined in the EU Market Abuse Regulation to include the members of the Company's Board of Directors, the Company's CEO, and the members of the Company's management team. The Company publishes transaction notifications that it receives pursuant to the transaction notification obligation of managers and persons closely associated with them through a company release in accordance with the applicable regulation. Company releases can be accessed through this link.

As from 3 July 2016, the Company is not obliged to maintain a public insider register. The information included in the Company's public insider register on 2 July 2016 is maintained by Euroclear Finland Oy until 3 July 2021, and can be accessed via the link presented in the company's investor website.

Audit

Pursuant to its Articles of Association, the General Meeting of Shareholders of the Company elects one auditor to audit the management and the accounts. The auditor must be a public accounting corporation approved by the Central Chamber of Commerce of Finland. The auditor's term of office ends at the earliest at the closing of the next Annual General Meeting. The auditor of the Company is Ernst & Young Oy, and Mikko Järventausta (born 1970), Authorised Public Accountant, is principal responsible auditor.

Definitions of Key Financial Figures

Gross profit	=	Net Sales – Variable expenses in relation to manufacturing
EBITDA	=	Operating profit + Depreciation and amortisation
EBITA	=	Operating profit + Amortisation of goodwill
Earnings per share (EPS), EUR	=	$\frac{\text{Profit (loss) for the financial year}}{\text{Amount of shares adjusted with the share issue (average during the financial year)}}$
Return on equity, percent	=	$\frac{\text{Profit (loss) for the financial year}}{\text{Equity (average during the financial year)}} \times 100$
Return on capital employed (ROCE), percent	=	$\frac{\text{Profit before appropriations and taxes + Interest expenses and other financing expenses}}{\text{Equity (average during the financial year) + Interest-bearing financial liabilities (long-term and short term loans from financial institutions, average during the financial period)}} \times 100$
Net interest-bearing debt	=	Long-term and short-term loans from financial institutions – Cash and cash equivalents – Short-term financial securities
Equity ratio, percent	=	$\frac{\text{Equity}}{\text{Balance sheet total – Advances received}} \times 100$
Gearing, percent	=	$\frac{\text{Net interest-bearing financial liabilities}}{\text{Equity}} \times 100$

From left: Brian Bowler, General Manager, Drilling Tools Australia PTY LTD - Harri Sjöholm, Chairman, Robit Plc - Rowan Melrose, VP Business Development, Robit Plc - Antti Husa, Senior Associate, Borenius Attorneys Ltd - Teresa Mlikota, CFO, Ausdrill Limited, Kalle Reponen, Board Member, Robit Plc - Ron Sayers, Managing Director, Ausdrill Limited



Board of Directors



Harri Sjöholm has been Chairman of the Board of Directors and a member of the Management Team of the Company since 1998. He has also participated in the Company's operative activities since 1989. Mr. Sjöholm was a Management Consultant at Oy Swot Consulting Harri Sjöholm Ltd, a company founded by him, in 1988–2002, and has been a Management Consultant at Oy Swot Consulting Finland Ltd since 2002. Oy Swot Consulting Finland Ltd is a subsidiary of Oy Swot Consulting Harri Sjöholm Ltd (currently Five Alliance Oy). Mr. Sjöholm has also been CEO (2000–2005) and Chairman of the Board of Directors (1993–1999) of Fast Henkilöstöpalvelut Oy. Mr. Sjöholm was Sales and Marketing Manager (1985–1987), in the Business Development unit (1984) and Area Sales Manager (1980–1983) at Tamrock Corp. Mr. Sjöholm has been Chairman of the Board of Directors of Kehitysyhtiö Tulevaisuus Oy (2008–2012) and Oy Winrock Technology Ltd (1992–2001) as well as a member of the Board of Directors of Tasowheel Oy (2015–2016). Mr. Sjöholm holds a Master of Science degree in Engineering. He is a member of Robit's Nomination, Remuneration and Working Committees.



Tapio Hintikka has been a member of the Company's Board of Directors since 2008. He is a professional Board member. He has previously been Chief Executive Officer of Hackman Oyj (1997–2002). He has also been a member of the Board of Management (1990–1996) of Oy Nokia Ab and other positions including Manager of General Communication Products Unit and other management positions at Rauma-Repola Oy (1982–1990). Mr. Hintikka has been Chairman of the Board of Directors of Emtele Ltd in 2006–2011 and since 2015, and of Aina Group Oy (2009–2012), Teleste Corporation (2003–2009), TeliaSonera Ab (2002–2004) and Sonera Oyj (2001–2002). In addition, he has been Vice Chairman of Teleste Corporation (2001–2002). Mr. Hintikka has been a member of the Board of Directors at companies including Aspocomp Group Plc (2007), Teleste Corporation (2001–2003), Onninen Oy (2000–2005) and Evli Bank Plc (2003–2010). Mr. Hintikka holds a Master of Science degree in Engineering. He is a member of Robit's Nomination and Remuneration Committees.



Matti Kotola has been a member of the Company's Board of Directors since 2015. Mr. Kotola has long experience in the mining and construction industries. Mr. Kotola has previously held management positions at Sandvik AB (1998–2012) and at Tamrock Oy (1979–1997). Mr. Kotola holds a Master of Science degree in Engineering. He is a member of Robit's Working Committee.



Kalle Reponen has been a member of the Company's Board of Directors since 2012. Currently, he is a professional Board member and independent consultant. Mr. Reponen has previously been Group Strategy Manager at Metso Corporation (2006–2013) and Partner at MCF Corporate Finance (2003–2006), and has been employed in the Corporate Finance Unit of Nordea Bank Finland Plc (2000–2003) and at Metra Oy (1988–2000). He has been a member of the Board of Directors of Glaston Corporation since 2014, Koskisen Group since 2014, Premix Oy since 2014 and Marketing Clinic Ltd since 2014. Mr. Reponen holds a Master of Science degree in Economics. He is a member of Robit's Working Committee.



Anni Ronkainen has been a member of the Company's Board of Directors since 2016. She is Executive Vice President, Chief Digital Officer and Member of Group Management at Kesko Oyj. She has previously been Google's Country Manager in Finland, CEO of McCann Helsinki Group, and Business Group Director of Satama Finland Oy. Mrs. Ronkainen is a member of the Board in Suomen Asiakastieto Oy and Nordic Morning Oyj. Mrs. Ronkainen holds a Master of Science degree in Economics.

In addition to the members of the Board of Directors, the following attend the Board of Directors meetings:



Jari Gadd has served as **Secretary to the Company's Board of Directors** since August 2015, mainly focusing on Corporate Governance and juridical issues. Mr. Gadd is the Head of Borenius Attorneys Ltd Tampere office. Mr. Gadd holds a Master of Laws degree.



Kai Öistämö has served as **Board Advisor** since October 2015. Mr. Öistämö was a member of the Nokia Group Executive Board during 2005–2014. He has also led Nokia's business development and served the company in an advisory role. Mr. Öistämö is a member of the Board of Sanoma, Digia and InterDigital and he is also Chairman of the Board of Oikian Solution, Fastems and Helvar. He is a member of Robit's Nomination and Remuneration Committees.

Management Team



Mikko Mattila was CEO of the Company from 2 January to 31 December 2016. Mr. Mattila has held numerous sales and marketing related positions at the Company since 2001. He has been CEO of Robit Korea Ltd (2011–2013) and of Robit Finland Oy Ltd since the beginning of 2015. He has also served as VP Ground Drilling (2010–2011), Marketing Manager and Leader of R&D function in 2009 and as VP Sales and Marketing (2005–2008) of the Company. Mr. Mattila holds a Master of Science degree in Engineering and an Executive Master of Business Administration degree.



Tuomo Niskanen has worked for Robit as VP Top Hammer since 1 August 2016. Mr. Niskanen has acted in several management positions in Finland and abroad, where he also worked for 15 years in South Africa, Germany and Hong Kong. His previous management positions have been among others in Sandvik, Outokumpu and Alstom corporations. Mr. Niskanen's education is M.Sc. (Mining). He has also graduated from eMBA Program.



Olli Kuismanen has worked for Robit as VP Down the Hole since 1 August 2016. He has previously worked for Konecranes Plc, where his position has been among others General Manager (Business Factory, Group Strategy and Technology) being responsible for new business concepts and their launching. Mr. Kuismanen has also worked for Innotiimi Ltd in the following positions: Senior Consultant, Team Leader and Managing Director. In Project Institute Finland Ltd he worked among others as Sales Director, Board Member and Partner. Mr. Kuismanen holds a Master of Science degree in Technology.



Antti Leino was appointed VP R&D as from 1 February 2016. He has worked for Robit since 2011. Previously Mr. Leino worked as R&D Manager and member of the Management Team at the Abloy Oy Tampere factory (2006–2011). Before that he worked for Moventas Oy and Metso Oyj (2000–2006). Mr. Leino holds a Master of Science degree in Engineering.



Jorma Pyykkö was appointed VP Supply as from 1 February 2016. He has worked for Robit since 2010. Mr. Pyykkö has 18 years' experience in various operations, material management and supply chain management tasks. He has previously worked at Ruukki Oy, Abloy Oy, Kvaerner Pulping Oy and Valmet Automotive Oy. Mr. Pyykkö holds a Bachelor of Engineering degree.

KCGM Kalgoorlie Super Pit where DTARobit's drilling consumables are in use.

Annual General Meeting 2017

The Annual General Meeting 2017 will be held on March 28, 2017 at 3.00 p.m. (Finnish time) at Hotel Scandic Tampere City, Hämeenkatu 1, 33100 Tampere, Finland.

Dividend

The Board of Directors proposes to the Annual General Meeting 2017 that a dividend of EUR 0.10 per share will be paid for the financial year 2016.

Interim Reports 2017

Interim Report from January – June 2017 will be published on August 17, 2017.

Share information

Listing: Nasdaq Helsinki First North

Trading symbol: ROBIT

No. of shares: 15 883 900 (December 31, 2016)

Sector: Industrials; Tools & accessories

ISIN: FI4000150016

Analysts

Analysts following Robit:

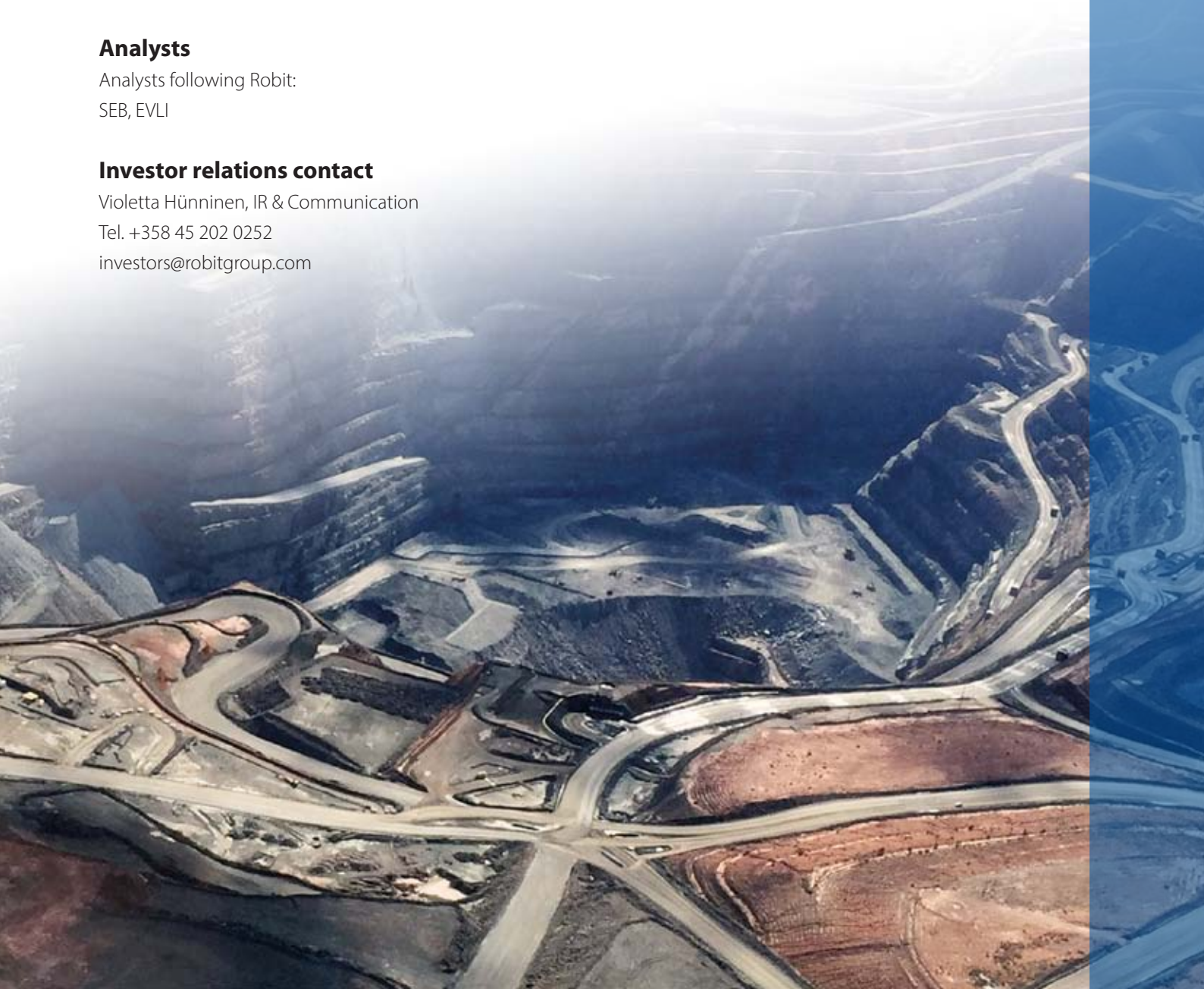
SEB, EVLI

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