Robit Plc
Financial review
January – September 2019

ROBIT PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2019: CASH FLOW AND ORDERS RECEIVED DEVELOPED POSITIVELY

In text comparison period or in the third quarter refers to period 1 July – 30 September 2019 (Q3) and January-September refers to period 1 January – 30 September 2019. Figures from the corresponding period in 2018 are presented in brackets. Percentages are calculated from thousands of euros.

In accordance with IFRS 16, leases have been reported in the balance sheet as of 1 January 2019 in assets and liabilities, which also impacts the comparability of the income statement for 2018. At EBITDA level the impact is a EUR 1.5 million and at EBITA level EUR 0.1 million improvement on earning. The impact on financial expenses is EUR- 0,3 million. Further information about IFRS 16 standard is given in Notes paragraph 2.

1 July – 30 September 2019 in brief

- Net sales EUR 22.2 million (20.8)
- EBITDA EUR 0.2 million (0.2)
- Comparable EBITDA EUR 1.2 million (0.2)*
- EBITA EUR -1.3 million (-1.2)
- Comparable EBITA EUR -0.3 million (-1.2)*
- Operating profit as percentage of net sales (EBIT%) was -6.6 (-6.8)
- Review period net income EUR -1.1 million (-1.5)
- Operating cash flow EUR 1.9 million (-3.9)

1 January – 30 September June 2019 in brief

- Net sales EUR 64.3 million (63.9)
- EBITDA EUR 1.9 million (-0.8)
- Comparable EBITDA EUR 3.0 million (0.2)*
- EBITA EUR -3.9 million (-4.4)**
- Comparable EBITA EUR -1.8 million (-3.4)**
- Operating profit as percentage of net sales (EBIT%) was -7.0 (-7.9)
- Review period net income EUR -4.7 million (-5.9)
- Operating cash flow EUR -0.3 million (-2.8)
- Equity ratio at the end of the review period 49.7% (57.1%)

Key financials	Q3 2019	Q3 2018	Change %	Q1-Q3 2019	Q1 -Q3 2018	Change %	2018
Net sales, EUR 1.000	22 247	20 822	6,8 %	64 326	63 922	0,6 %	82 683
EBITDA, EUR 1.000	218	173	26,0 %	1 913	-775	346,8 %	-4 782
Adjusted EBITDA*, EUR 1.000	1 153	169	581,2 %	3 009	238	1162,2 %	-3 529
EBITA, EUR 1.000 **	-1 264	-1 197	-5,6 %	-3 865	-4 383	11,8 %	-9 658
Adjusted EBITA*, EUR 1.000	-339	-1 201	71,8 %	-1 818	-3 370	46,1 %	-8 405
Adjusted EBITA, percent of sales	-1,5 %	-5,8 %		-2,8 %	-5,3 %		-10,2 %
EBIT, EUR 1.000	-1 471	-1 408	-4,5 %	-4 496	-5 024	10,5 %	-29 800
EBIT, percent of sales	-6,6 %	-6,8 %		-7,0 %	-7,9 %		-36,0 %
Result for the period, EUR 1.000	-1 148	-1 502	23,5 %	-4 711	-5 872	19,8 %	-31 384

Further information about IFRS 16 effects is given in Notes paragraph 2.

*Items affecting comparability:
EBITDA: Restructuring costs of EUR 935 thousand in the review period were EUR 935 thousand (EUR 490 thousand related to personnel and EUR 445 thousand to disposal of fixed assets), Q1-Q3 2019 the costs were EUR 1 096 thousand (EUR 651 thousand related to personnel and EUR 445 thousand to disposal of fixed assets), Q1-Q3 2018 the costs were EUR 1 013 thousand and related to personnel.
EBITA: In addition to above stated items a lease impairment expense of EUR 951 thousand related to restructuring affected Q1-Q3 2019 EBITA Further information about comparable items is given in Notes paragraph 3.2.

** The Company has specified the treatment of write-downs according to the nature of the item for depreciation and impairment of either tangible or intangible assets. An impairment loss of EUR 962 thousand on the lease liability was presented in the H1 2019 interim report as impairment related to acquisitions and affected EBIT but not EBITA. In the Interim Report Q1 – Q3 2019, the item is presented as impairment of tangible assets affecting EBITA. The translation difference for this item for Q3 is EUR 10 thousand and the total effect for Q1-Q3 is EUR 951 thousand.

ROBIT'S OUTLOOK FOR 2019

The outlook for Robit's target markets in 2019 is positive, although there are regional differences in the demand of market segments. Mining industry demand for consumables is stable and the market is expected to be active. The construction industry and underground construction are more cyclical, and regional variations are greater. The well drilling market is also expected to remain active. Demand for consumables is the typically more stable than capital equipment demand. This market feature combined with Robit's current markets share, provides opportunity to increase sales in 2019**.**

GUIDANCE FOR 2019

Robit revised the guidance for 2019 on 2 August 2019. According to new guidance EBITA profitability for the year 2019 will be negative and the release of capital tied up in the business will be less than original target.

According to earlier guidance in 2019, the company's goal is to achieve positive EBITA profitability and a significant release of capital tied up in the business.

CEO TOMMI LEHTONEN:

As a result of the efficiency program, the company's key priority areas – sales and cash flow – developed positively. Order intake grew by 17.7% relative to the comparison period and was EUR 22.5 million. Operating cash flow was EUR 1.9 million (-3.9). Robit's effiency program is progressing and the implementation will continue throughout the year 2019. The programme is focused on four areas: developing the distributor network and the company's own sales, better management of working capital, more effective use of factory network capacity and resources, and ensuring the motivation and performance of personnel.

In the review period, mining industry demand was stable for drilling consumables, and demand is expected to remain at the current level. Regionally, there were indications in the Nordic countries of weaker market conditions in the cyclical construction industry. This has not yet impacted demand for Robit's offering. In general, demand for consumables is less cyclically sensitive than demand for investment products in all business cycles.

In the review period, the Group's net sales grew by 6.8% year on year and totalled EUR 22.2 million (20.8). Top Hammer business grew 21.3% and Down the Hole business business declined 4.0% Comparable EBITA remained negative and was EUR -0.3 million (-1.2). The company's profitability in the quarter was weakened by equipment sales losses, right-downs and non-recurring expenses totalling to EUR 0.9 million related to the restructuring of Halco's operations.

Sales growth projects progressed mainly as planned during the quarter. Robit's key objective is to further increase of market share. In the current period, the company received the largest single project order in its history. Also the Piling business developed particularly positively.

The company is continuing development projects related to working capital management, and resources allocated to them were strengthened. The company's goal is reduce further working capital tied up in the business. More efficient management of working capital will be ensured in the future by further developing business processes.

The cash flows from the sale of Halco's assets covered the costs of the transfer of production. Most of the Halco production arrangements and related personnel reductions were completed by the end of September. As a result of these measures, the employment relationships of 23 people were discontinued. Costs of EUR 0.93 million related to this operational restructuring have been recognised in the Q3 result. Of this item, EUR 0.48 million related to personnel reductions and EUR 0.45 million to disposals of fixed assets. In addition, a write-down of EUR 0.95 million was recognised in the second quarter for lease liabilities. The measures undertaken will improve the utilisation rate and profitability of the Group's other production units. The cost savings will be realised in full from financial year 2020 onwards.

The company's new structure presents an opportunity to increase sales without significant investment or cost increases and makes the Group more agile in responding to market changes.

DEVELOPING THE OFFERING

During the review period, the Robit DTH product range's largest piling bit, diameter 1.42 meters, and largest rock bit, diameter 1.32 meters, were developed. The drill bits were designed for a major piling contract.

Product development of digital services continued. A new development version of the M Sense product, used in drill hole directional measurement, was launched.

REVENUE AND FINANCIAL PERFORMANCE

	Q3 2019	Q3 2018	Change %	Q1-Q3 2019	Q1 - Q3 2018	Change %	2018
Net Sales, EUR 1.000	22 247	20 822	6,8 %	64 326	63 922	0,6 %	82 683
Net Sales growth, percent	6,8 %			0,6 %	49,9 %		-6,3 %
EBITDA, EUR 1.000	218	173	26,0 %	1 913	-775	346,8 %	-4 782
EBITDA, percent of sales	1,0 %	0,8 %		3,0 %	-1,2 %		-5,8 %
Adjusted EBITDA, EUR 1.000*	1 153	169	581,2 %	3 009	238	1162,2 %	-3 529
Adjusted EBITDA, percent of sales	5,2 %	0,8 %		4,7 %	0,4 %		-4,3 %
EBITA, EUR 1.000**	-1 264	-1 197	-5,6 %	-3 865	-4 383	11,8 %	-9 658
EBITA, percent of sales	-5,7 %	-5,7 %		-6,0 %	-6,9 %		-11,7 %
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EBIT, percent of sales	-6,6 %	-6,8 %		-7,0 %	-7,9 %		-36,0 %
Result for the period, EUR 1.000	-1 148	-1 502	23,5 %	-4 711	-5 872	19,8 %	-31 384
Result for the period, percent of sales	-5,2 %	-7,2 %		-7,3 %	-9,2 %		-38,0 %
Earnings per share (EPS), EUR	-0,05	-0,07		-0,22	-0,28		1,49
Return on equity (ROE), percent				-8,5 %	-6,7 %		-41,9 %
Return on capital employed (ROCE), percent				-6,7 %	-5,1 %		-27,5 %
Adjusted return on capital employed (ROCE), percent*				-4,5 %	-4,3 %		-26,4 %
Net interest-bearing debt, EUR 1.000				23 035	17 005	35,5 %	15 810
Equity ratio, percent				49,7 %	57,1 %		49,3 %
Net gearing, percent				43,5 %	20,4 %		27,4 %
Investments, EUR 1.000	518	204	153,5 %	1 203	4 306	-72,1 %	4 630
Investments, percent of sales	0,8 %	0,3 %		1,9 %	6,7 %		5,6 %
Average number of employees				271	310	-12,7 %	308
Number of employees at the end of period				255	283	-9,9 %	286

Further information about IFRS 16 effects is given in Notes paragraph 2.

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EBITDA: Restructuring costs of EUR 935 thousand in the review period were EUR 935 thousand (EUR 490 thousand related to personnel and EUR 445 thousand to disposal of fixed assets), Q1-Q3 2019 the costs were EUR 1 096 thousand (EUR 651 thousand related to personnel and EUR 445 thousand to disposal of fixed assets), Q1-Q3 2018 the costs were EUR 1 013 thousand and related to personnel.
EBITA: In addition to above stated items a lease impairment expense of EUR 951 thousand related to restructuring affected Q1-Q3 2019 EBITA
Further information about comparable items is given in Notes paragraph 3.2.

** The Company has specified the treatment of write-downs according to the nature of the item for depreciation and impairment of either tangible or intangible assets. An impairment loss of EUR 962 thousand on the lease liability was presented in the H1 2019 interim report as impairment related to acquisitions and affected EBIT but not EBITA. In the Interim Report Q1 – Q3 2019, the item is presented as impairment of tangible assets affecting EBITA. The translation difference for this item for Q3 is EUR 10 thousand and the total effect for Q1-Q3 is EUR 951 thousand.

NET SALES AND FINANCIAL PERFORMANCE:

July - September 2019

The Group's net sales for the review period totalled EUR 22.2 million (20.8).

EUR 10.8 million (8.9) of net sales in the review period came from the Top Hammer business and EUR 11.4 million (11.9) from the Down the Hole (DTH) business.

EUR 9.6 million (7.8) of net sales came from the EMEA region, EUR 4.1 million (5.0) from Australasia, EUR 2.3 million (3.0) from Asia, EUR 4.2 million (3.5) from the Americas, and EUR 2.0 million (1.6) from the East.

EBITA was EUR -1.3 million (-1.2). Comparable EBITA was EUR -0.3 million (-1.2), which is -1.5 % (-5.8) of net sales. Items affecting comparability EUR 0.9 million (0.0) were restructuring costs due to structural and business model change. EUR 0.5 million of restructuring costs related to staff reductions and EUR 0.4 million to disposal of fixed assets.

EBIT for the review period was EUR -1.5 million (-1.4). This was -6.6 (-6.8) per cent of the review period net sales.

Net financial expenses totalled EUR 0.0 million (-0.3), and EUR -0.3 million of this was interest expenses and EUR 0.3 million exchange rate changes. The result before taxes was EUR -1.4 million (-1.7) and taxes were EUR 0.3 million (0.2).

January - September 2019

The Group's net sales for the review period totalled EUR 64.3 million (63.9), a decrease of 0.6% compared to the corresponding period the previous year. In constant currencies, the change was 0.1 %.

EUR 30.8 million (27.9) of net sales in the review period came from the Top Hammer business and EUR 33.5 million (36.0) from the Down the Hole (DTH) business. The decline in DTH net sales was due to drop in net sales in Australia.

EUR 27.5 million (24.4) of net sales came from the EMEA region, EUR 11.6 million (16.2) from Australia, EUR 8.4 million (8.6) from Asia, EUR 11.3 million (10.0) from the Americas, and EUR 5.5 million (4.6) from the East.

EBITA was EUR -3.9 million (-4.4). Comparable EBITA was EUR -1.8 million (-3.4), which is -2.8 % (-5.3) of net sales. Items affecting comparability EUR 1.1 million (1.0) were restructuring costs due to structural and business model changes. Of these expenses, EUR 0.7 million related to staff reductions and EUR 0.4 million to disposals of fixed assets.

EBIT for the review period was EUR -4.5 million (-5.0). This was -7.0 (-7.9) per cent of the review period net sales. EBIT includes EUR 1.0 million impairment expense of the Halco facilities leases. This relates to the restructuring of the business and will improve cost efficiency in DTH production.

Net financial expenses totalled EUR -0.8 million (-1.2), and EUR -1.0 million of this was interest expenses and EUR 0.3 million exchange rate changes (-0.6). The result before taxes was EUR -5.3 million (-6.2) and taxes were EUR 0.6 million (0.4).

FINANCING AND INVESTMENTS

The Group's net cash flow from operations totalled EUR -0.3 million (-2.8). Changes in working capital had an impact of EUR -1.4 million (-2.2). The change in working capital during January - September were caused by the EUR -0.7 million increase in receivables, increase in inventories by EUR -0.7 million.

Net working capital was EUR 38.6 million (43.0) at the end of the review period.

The net cash flow for investment activities was EUR 0.8 million (-4.3). Gross investments in production during the review period totalled EUR 1.1 million (3.9). The proceeds from disposal of fixed assets were EUR 2.0 million.

The net cash flow from financing activities was EUR -12.4 million (-6.9), comprising net changes in loans. The company repaid its loans by EUR 10.7 million during the first three quarters. In addition, repayment of lease liabilities of EUR 1.7 million reported in accordance with IFRS 16 in net cash flow from investing activities.

At the end of the review period the Group had financing loans totalling EUR 38.7 million (45.0), which included EUR 6.8 million according to IFRS 16 and other interest bearing debts EUR 31.9 million. Liquid assets totalled to EUR 15.7 million (28.0). Interest-bearing net debt according to IFRS 16 was EUR 23.0 million (17.0) and without IFRS 16 defined interest bearing net debt was EUR 16.2 million.

The Group's equity at the end of the review period was EUR 53.0 million (83.3).

The Group's equity ratio was 49.7% (57.1) and its net debt to equity ratio (gearing) was 43.5 % (20.4) and without IFRS 16 impact 30.6%.

Depreciation and amortisations totalled EUR 6.4 million (4.2). EUR 0.6 million of this related to amortisations of customer relationships and brand value from business acquisitions and EUR 1.0 million of this related to Down the hole-business renewal.

PERSONNEL AND MANAGEMENT

The number of personnel decreased by 28 at the end of the comparison period and at the end of the review period the company's personnel numbered 255 (283) of which 75% were located outside Finland.

Tommi Lehtonen (b.1970), MSc. (Eng.) has been appointed Group CEO. He started in his position 1 May, 2019.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2019

The General Meeting adopted the financial statements and consolidated financial statements for the financial period 1 January - 31 December 2018 and resolved that no dividend is paid based on the adopted balance sheet for the financial year 2018.

The General Meeting resolved to discharge the members of the board of directors and the managing directors from liability for the financial period ending 31 December 2018.

The General Meeting resolved that the Board of Directors consists of five (5) members. Harri Sjöholm, Mammu Kaario, Mikko Kuitunen, Kai Seikku and Kalle Reponen were re-elected as members of the Board.

Ernst & Young Oy, an Authorized Public Accounting firm, was re-elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. Ernst & Young Oy has notified the company that Authorized Public Accountant Mikko Järventausta will serve as the company's principal responsible auditor. The General Meeting resolved to pay the auditor's remuneration in accordance with the reasonable invoice approved by the company.

The General Meeting resolved to authorize the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 shares of the company's own shares and/or accepting the same number of the company's own shares as a pledge, in one or several tranches by using funds in the unrestricted shareholders' equity. The maximum total of shares that will be acquired and/or accepted as a pledge corresponds to 10% of all shares in the company as of the date of the summons to the Annual General Meeting. However, the company cannot, together with its subsidiary companies, own or accept as a pledge altogether more than 10% of its own shares at any point in time. The company's shares may be purchased under this authorisation solely by using unrestricted shareholders' equity. The shares will be acquired otherwise than in proportion to the share ownership of the shareholders via public trading arranged by Nasdaq Helsinki Ltd at the market price on the date on which the acquisition is made or otherwise at a price formed on the market. The authorisation shall be used e.g. for the purposes of implementing the company's share-based incentive systems or for other purposes as decided by the Board of Directors. The authorization to repurchase own shares granted by the General Meeting on 28 March 2018 was revoked. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2020.

The Annual General Meeting resolved to authorize the Board of Directors to resolve on a share issue and on the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, in one or more tranches, either against or without consideration. The number of shares to be issued, including shares to be issued on the basis of special rights, may not exceed 2,108,390, which amounts to 10% of all shares in the company as of the date of the summons to the Annual General Meeting. The Board of Directors may decide to either issue new shares or to transfer any treasury shares held by the company. The authorisation entitles the Board of Directors to decide on all terms that apply to the share issue and to the issuance of special rights entitling to shares, including the right to derogate from the shareholders' pre-emptive right. The authorisation shall be used e.g. for the purposes of strengthening the company's balance sheet and improving its financial status or for other purposes as decided by the Board of Directors. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2020. The authorisation will revoke all previously granted, unused authorisations to decide on a share issue and the issuance of options or other special rights entitling to shares.

The General Meeting resolved that a shareholders' nomination board shall be established in order to prepare proposals concerning the election and remuneration of the Board Members as well as the remuneration of the members of the various Board committees that will be submitted to future Annual General Meetings and to any Extraordinary General Meetings where necessary. In addition, the General Meeting resolved that the work schedule of the shareholders' nomination board, which is appended as an Appendix 1 of the Board's proposal, is approved. The work schedule of the shareholders' nomination board is available on the company's website at https://www.robitgroup.com/?investor=corporate-governance/general-meeting. The shareholders' nomination board shall be comprised of representatives appointed by the company's four largest shareholders.

SHARES AND SHARE TURNOVER

On 30 September 2019 the company had 21,083,900 shares and 3349 shareholders. Trading volume was 6 250 513shares (1 356 884).

The company holds 54 222 of its own shares (0.26% of total shares). On 30 September 2019 the market value of the company’s shares was EUR 44,1 million (share price EUR 2,09).

RISKS AND BUSINESS UNCERTAINTIES

The risks and uncertainties to which the company is exposed relate to any changes in the company’s business environment, and to global economic and political developments.

Other uncertainties include fluctuations in currency exchange rates, the functioning and commissioning of new information systems, successful integration of acquisitions, risks relating to delivery reliability and logistics, and IPR risks. Changes in the tax and customs regulations of export countries can hamper the company’s export sales or affect its profitability. Risks relating to data security and cyber threats may also have a harmful impact on Robit’s business operations. Any changes in the business environment may have a negative impact on our customers' payment behaviour and may increase the risk of legal procedures and demands as well as disputes relating to Robit’s products and other operations.

CHANGES IN GROUP STRUCTURE

There were no changes in the Group structure during the review period.

OTHER EVENTS DURING THE REVIEW PERIOD

On 3 Jan 2019, Robit Plc announced that it renegotiated on the restructuring of EUR 35.0 million in loans with its main financing bank. In the new agreement, the 2019 financial year covenants will be monitored for EBITDA between 1 January-30 June 2019 and 1 January -31 December 2019, after which we will return to the old covenant condition. According to the agreement, the loan margin will be raised by an average of 1.1 percentage points. The loan margin will return to the normal level when the covenant condition interest-bearing net debt/EBITDA meets the terms of the original financing agreement.

Robit Plc has on 8 Jan 2019 received a notification from i Athanase Industrial Partner Ltd. in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total number of Robit shares owned by Athanase Industrial Partner Ltd. increased above five (5) per cent of the shares of Robit Plc on 8 Jan,2019.

On 5 March 2009, the company announced that it would reorganize Halco's business in the USA. Group has decided to centralize the manufacturing of DTH bits from Robit Sherman factory, USA to other manufacturing units of the company and the production in Sherman ends. Halco business in North and South-America continues active and Halco continues to be able to serve its distributors and direct customers. This re-organizing has no impact on Robit branded business nor products in Americas region. This re-organizing reduces four persons from the production of the Sherman unit. The arrangement has no impact on Robit's guidance for the 2019.

The Board of Directors appointed at Robit Plc's Annual General Meeting held on 27 March 2019 elected a Chairman of the Board, a Vice Chairman of the Board, board members to serve on Robit Plc's remuneration committee, working committee and audit committee at its initial board meeting. The Board of Directorselected Harri Sjöholm as a Chairman of the Board and Mammu Kaario as Vice Chairman of the Board. The Board of Directors holds that all members of the Board of Directors, with the exception of Harri Sjöholm, are independent of the company and its key shareholders. Harri Sjöholm (Chairman), Mammu Kaario and Mikko Kuitunen were elected as members of the remuneration committee. Kalle Reponen (Chairman), Harri Sjöholm and Mikko Kuitunen were elected as members of the working committee. Mammu Kaario (Chairman), Kalle Reponen and Kai Seikku were elected as members of the audit committee.

On April 29, 2019, the company announced that Tommi Lehtonen (b. 1970), M.Sc. (Econ.), Has been appointed Managing Director of Robit Plc.

Robit Plc has on 4th June 2019 received a notification from OP- Finland Mutual Fund (business code 187493-1) in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total number of Robit shares owned by OP-Finland Mutual Fund decreased below five (5) per cent of the shares of Robit Plc on 4 June, 2019.

On 25 June, 2019, the company announced that it will sharpen its Down the hole-business strategy. To develop the company’s DTH business Robit is planning to sharpen it’s Down the Hole manufacturing strategy and to reorganize the DTH production. In March 2019 the company decided to centralize the manufacturing of DTH bits from Robit Sherman factory to company’s factory in Perth, Australia.Now Robit is considering actions that would primarily concern manufacturing of Halco products and their manufacturing locations. The target of possible reorganization is to sharpen the company’s Halco-strategy further under the parallel brand. The measures have no impact on the business of Robit branded products.

On 3 July 2019, the company announced that it will renew its Down the hole-business. Robit Plc has decided to sharpen the manufacturing operations of its DTH business segment and has decided to unify the production of the Brighouse products (UK) to the other manufacturing units in Chesterfield (UK) and Perth (AU).

DTH business segment represents over 50% of Robit Plc’s net sales. The reorganization will further sharpen the company’s DTH- strategy especially for the Halco brand. Halco will be strengthened as a Sales-Service & Engineering company in selected market segments in the global market under the known Halco-brand.

As a result of these measures, personnel were reduced by 23 persons. The transfer of production is planned to take place by the end of September 2019. The new structure creates better conditions to meet the global competition thanks to the improved cost structure. Thanks to these renewals also the volumes and utilization will increase in the mentioned two DTH- manufacturing units in Chesterfield (UK) and Perth (AU). With these decisions Robit targets an improvement in its profitability and efficiency. The company also prepares itself simultaneously for the potential Brexit in UK.

In the first three quarters, Robit recognised a total of EUR 2.1 million of items affecting comparability according to IFRS standards. On annual level the savings originated from these measures will cover the reorganizing costs.

Robit revised the guidance for 2019 on 2 August 2019. According to new guidance EBITA profitability for the year 2019 will be negative and the release of capital tied up in the business will be less than original target.

According to earlier guidance in 2019, the company's goal is to achieve positive EBITA profitability and a significant release of capital tied up in the business.

Robit Plc has on 29 August 2019 received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Five Alliance Oy (Business ID 0735545-3) has increased above the threshold of 25 percent. According to the notification, the holding of Five Alliance Oy in Robit Plc is 5 688 567 shares corresponding to approximately 26.7 percent of Robit Plc's entire share stock.

Robit Plc has on 26 August 2019 received a notification from i Athanase Industrial Partner Ltd. in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the information received by the company, Athanase Industrial Partner has re-allocated its shareholding in Robit Plc within the group to another entity, whereby the total number of shares held by that company has increased by more than five (5) percent. Aggregate number of shares held by the group remained unchanged.

Robit Plc has on 30 August 2019 received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Didner & Gerge Fonder AB has decreased below the threshold of five (5) percent on August 29, 2019.

On 3 September 2019, the company announced its four largest registered shareholders (shareholder register maintained by Euroclear Finland Ltd as per 3 September 2019) have nominated the following representatives to the Shareholders' Nomination Board:

- Harri Sjöholm, Chairman of the Board, Five Alliance Oy
- Tuomas Virtala, CEO, Asset Management, OP Financial Group
- Timo Sallinen, Head of Listed Securities, Varma Mutual Pension Insurance Company
- Jukka Vähäpesola, Head of Equities, Elo Mutual Pension Insurance Company

The Committee will choose a Chairman from among its members at its first meeting.

The Nomination Board prepares and presents to the Annual General Meeting, a proposal regarding the remuneration of the members of the Board of Directors, the proposal regarding the number of members and a proposal regarding who should be elected as a member of the Board of Directors. In addition the committee prepares and presents for board approval the principles concerning the diversity of the Board of Directors.

The Shareholders' Nomination Board shall be established until further notice by the Annual General Meeting. The newly appointed Nomination Board submits its proposals to the Board of Directors no later than 31 January each year before the next Annual General Meeting.

Further information regarding the Nomination Committees duties can be found on the company's website: https://www.robitgroup.com/wp-content/uploads/2019/02/Charter-of-the-Shareholders-nomination-board-of-Robit-Plc.pdf

On 19 September 2019, the company announced that based on the authorisation given to the Board of Directors by the Annual General Meeting on 27 March 2019, the Board of Directors of Robit Plc, at its meeting on 19 September 2019, has decided to start the repurchase of the company's own shares. The Board of Directors has decided to acquire a maximum of 150,000 shares, which corresponds to approximately 0.7% of the company's currently issued shares. The shares will be acquired using the company's distributable unrestricted shareholders' equity at the market price prevailing at the time of acquisition via public trading in the marketplace maintained by Nasdaq Helsinki Ltd.

The acquisition of the company's own shares will start no earlier than 20 September 2019 and end no later than 30 November 2019. The authorisation received by the Board of Directors from the General Meeting is valid until the closing of the next Annual General Meeting, however until no later than 30 June 2020.

On 27 March 2019, the Annual General Meeting authorised the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 of the company's own shares using the company's distributable unrestricted shareholders' equity. The company's own shares may be acquired for the purposes of implementing the company's share-based incentive plans or for other purposes decided by the Board of Directors.

Robit Plc has 21,083,900 shares and votes. The company currently owns 28,634 shares at the time of publication of this release.

The company has acquired 25,588 shares by the end of the review period and holds 54,222 shares at the end of the period.

On 24 September 2019, the company announced that The Board of Directors has decided on a new long-term share-based incentive plan for the Group CEO. The applies to Tommi Lehtonen, who started as Group CEO on 1 May 2019. The share-based bonus plan has three performance periods and it covers the period 1 January 2019 – 31 December 2024. One objective of the share-based bonus plan is to align the interests of the CEO and the company's shareholders through long-term share ownership. An additional objective is to increase the company's value in the long term and to commit the CEO to the company and offer him competitive compensation for good performance.

The share-based bonus plan provides the CEO with the opportunity to earn shares as a bonus, provided that the conditions set for paying the bonus are met in each performance period. The Board of Directors of Robit Plc will set targets for each two-year performance period, starting from 2019. The new share-based incentive plan for the CEO has three performance periods, which will end on 31 December 2020, 31 December 2022 and 31 December 2024. The rewards to be paid on the basis of this plan correspond to the value of a total of 160,000 Robit Plc's shares including also the cash proportion to be used for taxes and tax-related costs. The incentive plan bonuses will be paid in three instalments, after the end of each performance period. Payment of the bonus requires that the CEO's service relationship is in force at the time of payment of the bonus. Shares may not be conveyed, pledged or otherwise transferred until two years after the payment of the bonus.

EVENTS AFTER THE REVIEW PERIOD

The company repurchased 106 321 own shares during 1.10.-30.10.2019 and holds total 134 955 shares.

Lempäälä, 1 November 2019

ROBIT PLC
Board
Further information:

Tommi Lehtonen, CEO
+358 40 724 9143
tommi.lehtonen@robitgroup.com

Ilkka Miettinen, CFO
+358 50 3848 318
ilkka.miettinen@robitgroup.com

Robit is a strongly internationalised growth company servicing global customers and selling drilling consumables for applications in mining, construction and contracting, tunnelling and well drilling. The company's offering is divided into two product and service ranges: Top Hammer and Down-the-Hole. Robit has 15 of its own sales and service points throughout the world as well as an active sales network in 115 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit's shares are listed on NASDAQ Helsinki Ltd. Further information is available at: www.robitgroup.com

Distribution:
Nasdaq Helsinki Oy
Key media
www.robitgroup.com

SUMMARY OF FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q3 2019	Q3 2018	Q3-Q1 2019	Q3-Q1 2018	2018
Net sales	22 247	20 822	64 326	63 922	82 683
Other operating income	474	278	1 671	642	1 187
Materials and services**	-14 048	-12 690	-40 407	-38 144	-50 248
Employee benefit expense	-4 542	-3 956	-13 199	-14 797	-19 168
Depreciation, amortization and impairment*	-1 689	-1 581	-6 409	-4 249	-25 018
Other operating expenses**	-3 914	-4 282	-10 479	-12 399	-19 236
EBIT (Operating profit)	**-1 471**	**-1 408**	**-4 496**	**-5 024**	**-29 800**
Finance income and costs					
Finance income	407	298	577	1 581	1 630
Finance cost*	-342	-598	-1 342	-2 795	-3 253
Finance income and costs net	64	-299	-765	-1 214	-1 623
Profit before income tax	**-1 407**	**-1 708**	**-5 261**	**-6 238**	**-31 423**
Income taxes					
Current taxes	84	10	167	9	-385
Change in deferred taxes	175	196	383	357	424
Income taxes	259	206	550	366	39
Result for the period	**-1 148**	**-1 502**	**-4 711**	**-5 872**	**-31 384**
Attributable to:					
Owners of the parent	-1 148	-1 502	-4 711	-5 872	-31 384
Non-controlling interest	0	0	0	0	0
	-1 148	**-1 502**	**-4 711**	**-5 872**	**-31 384**
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	75	-234	-158	-904	-814
Other comprehensive income, net of tax	75	-234	-158	-904	-814
Total comprehensive income	**-1 073**	**-1 736**	**-4 869**	**-6 776**	**-32 198**
Attributable to:					
Owners of the parent	-1 073	-1 736	-4 869	-6 776	-32 198
Non-controlling interest	0	0	0	0	0
	-1 073	**-1 736**	**-4 869**	**-6 776**	**-32 198**
Earnings per share attributable to the owners of the parent during the year:					
Basic and diluted earnings per share	-0,05	-0,07	-0,22	-0,28	-1,49

* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. In Consolidated Statement of Comprehensive income leases are reported as depreciation costs and interest costs. More information about IFRS 16 standard in notes section 2.
** Changes in inventories of finished goods and work in progress are included in Materials and services- figures and Work performed by the Group and capitalised are included in Other operating expenses.

CONSOLIDATED BALANCE SHEET

EUR thousand	30-Jun-19	30-Jun-18	31-Dec-18
ASSETS			
Non-current assets			
Goodwill	5 210	24 202	5 159
Other intangible assets	5 777	7 167	6 923
Property, plant and equipment*	26 846	26 801	25 824
Loan receivables	313	554	334
Other receivables	3	3	3
Deferred tax assets	1 472	2 221	1 443
Total non-current assets	**39 620**	**60 947**	**39 686**
Current assets			
Inventories	32 100	33 548	30 808
Account and other receivables	19 682	23 542	18 640
Loan receivables	356	28	222
Income tax receivable	104	205	170
Cash and cash equivalents	15 696	28 026	27 470
Total current asset	**67 939**	**85 349**	**77 310**
Total assets	**107 559**	**146 296**	**116 996**

EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	705	705	705
Share premium	202	202	202
Reserve for invested unrestricted equity	82 266	82 502	82 266
Cumulative translation difference	-2 141	-2 073	-1 983
Retained earnings	-23 291	7 859	7 958
Profit for the year	-4 711	-5 872	-31 384
Total equity	**53 030**	**83 323**	**57 763**
Liabilities			
Non-current liabilities			
Borrowings*	29 424	6 527	25 862
Deferred tax liabilities	1 239	2 211	1 551
Employee benefit obligations	625	1 180	1 123
Total non-current liabilities	**31 288**	**9 919**	**28 535**
Current liabilities			
Borrowings*	9 307	38 503	17 419
Advances received	790	471	142
Income tax liabilities	-237	-101	240
Account payables and other liabilities	13 181	14 074	12 740
Other provisions	90	106	156
Total current liabilities	**23 130**	**53 054**	**30 697**
Total liabilities	**54 419**	**62 973**	**59 233**
Total equity and liabilities	**107 559**	**146 296**	**116 996**

* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. More information about changes IFRS 16 standard caused in notes section 2.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	2018
Cash flows from operating activities					
Profit before income tax	-1 397	-1 708	-5 134	-6 238	-31 423
Adjustments					
Depreciation, amortization and impairment charges	1 315	1 581	5 047	4 249	25 018
Finance income and finance costs	-131	278	491	1 214	1 623
Share-based payments to employees	39	59	128	92	85
Loss (+) / Gain (-) on sale of property, plant and equipment	378	-16	271	20	95
Other non-cash transactions*	308	443	962	707	3 014
Cash flows before changes in working capital	512	638	1 765	44	-1 588
Change in working capital					
Increase (-) in account and other receivables	1 580	813	-751	1 224	5 341
Increase (-) / decrease (+) in inventories	654	-18	-679	-3 701	-2 370
Increase (+) / decrease (-) in account and other payables	-840	-5 151	58	302	-2 582
Cash flows from operating activities before financial items and taxes	1 906	-4 302	393	-2 715	-1 199
Interest and other finance expenses paid	31	-74	-529	-471	-887
Interest and other finance income received	23	8	50	43	64
Income taxes paid	-15	521	-211	366	-188
Net cash inflow (outflow) from operating activities	**1 945**	**-3 846**	**-297**	**-2 777**	**-2 210**
Cash flows from investing activities					
Purchases of property, plant and equipment	-477	-358	-1 094	-3 880	-4 082
Purchases of intangible assets	-41	56	-110	-404	-555
Proceeds from the sale of property, plant and equipment	908	167	1 984	194	243
Proceeds from loan receivables	73	-69	-63	-216	-236
Net cash inflow (outflow) from investing activities	**463**	**-204**	**719**	**-4 306**	**-4 630**
Cash flows from financing activities					
Proceeds from loans	0	0	0	0	1 112
Repayments of loans	-291	-78	-10 716	-3 178	-5 445
Change in bank overdrafts	-63	-1 167	33	-1 292	-803
Payment of lease liabilities*	-484	-81	-1 681	-292	-356
Distribution of dividend	0	0	0	-2 100	-2 100
Net cash inflow (outflow) from financing activities	**-837**	**-1 323**	**-12 364**	**-6 862**	**-7 592**
Net increase (+) / decrease (-) in cash and cash equivalents	1 571	-5 374	-11 942	-13 945	-14 432
Cash and cash equivalents at the beginning of the reporting period	14 046	33 589	27 470	42 172	42 172
Exchange gains/losses on cash and cash equivalents	79	-187	169	-202	-270
Cash and cash equivalents at end of the reporting period	**15 696**	**28 026**	**15 696**	**28 026**	**27 470**

* According to IFRS 16 standard lease payments are deducted from operating activities and added to financing activities in cash flow calculation. EUR 1 509 thousand from lease payments relates to IFRS 16 lease payments. More information about IFRS 16 standard in notes section 2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
Equity at 1 January 2018	**705**	**202**	**82 502**	**-1 157**	**9 868**	**92 120**
Profit for the period					-5 872	-4 370
Other comprehensive income						
Translation differences				-904		-670
Total comprehensive changes				**-904**	**-5 872**	**-6 776**
Dividend paid					-2 100	-2 100
Share-based payments to employees					92	92
Total transactions with owners, recognized directly in equity	**0**	**0**	**0**	**0**	**-2 007**	**-2 007**
Equity at 30 September 2018	**705**	**202**	**82 502**	**-2 061**	**1 989**	**83 337**

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
Equity at 1 January 2019	**705**	**202**	**82 266**	**-1 983**	**-23 426**	**57 764**
Profit for the period					-4 711	-4 711
Other comprehensive income						
Translation differences				-158		-158
Total comprehensive changes				**-158**	**-4 711**	**-4 869**
Share-based payments to employees					128	128
Total transactions with owners, recognized directly in equity	**0**	**0**	**0**	**0**	**128**	**128**
Equity at 30 September 2019	**705**	**202**	**82 266**	**-2 141**	**-28 008**	**53 024**

*The implementation of IFRS 16 had no effect on shareholders' equity as of 1 January 2019, as the assets and liabilities entered in the balance sheet due to the new standard were equal.

NOTES

Contents

1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

This interim report has been prepared in accordance with the IAS 34 standard for interim financial reporting and using the same principles as for the annual financial statement. This interim report has not been audited.

All figures in the summarised financial statement have been rounded to the nearest figure, therefore the sum of reported figures may not exactly match those presented.

2. IMPLEMENTATION OF NEW IFRS STANDARDS

As of 1 January 2019, the Group has applied the IFRS 16 standard which replaces old IAS 17 Leases-standard. Robit adopted the IFRS 16 standard from 1 January 2019, using the modified retrospective approach whereby comparative financial information is not restated.

Impact of the adoption of IFRS 16 standard

IFRS 16 specifies the principles by which leases are recorded and measured, how they are presented in the financial statements and what information about them is presented. As a result, almost all rental or leasing agreements are recorded in the balance sheet, as there is no longer differentiation between operating leases and finance leases. According to the new standard, an asset (the right to use the asset that has been leased) is recognised, as is a financial debt corresponding to the lease or rental payment. The only exceptions will be rental agreements relating to short-term rental of low value assets.

At the balance sheet date, the Group has non-cancellable operating leases amounting to EUR 5,538 thousand. A total of EUR 8 073 thousand of leasing liabilities and leasing assets were recognized on 1 January 2019 in accordance with the standard.

EUR thousand	**1-Jan-19**
Assets	
Right-of-use assets	9 262
Assets prior reported as finance leases	-1 179
Prepayments	-10
Total assets	8 073
Liabilities	
Interest-bearing loans	8 073
Total liabilities	8 073

The Group has leases for various premises, equipment, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, the Group classified all leases as either finance leases or operating leases. A lease was classified as a finance lease if it transferred all the risks and rewards of ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Financial leases were capitalised at the inception of the lease at the fair value of the leased asset. In an operating lease, the leased asset was not capitalised and the leases were recognised as rental expenses in profit or loss over the lease term.

With the adoption of IFRS 16, the Group applies a uniform recognition and valuation method for all leases, except for short-term leases and leases of low-value assets.

Leases previously classified as finance leases

The Group did not change the original carrying amounts of the recognised assets and liabilities (i.e. the right-of-use assets and lease liabilities are equal to the lease payments and liabilities recognised in accordance with IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases that were previously classified as operating leases, except for short-term leases and leases of low value assets.

Bridge calculation from operating lease commitments to lease liabilities according to the standard:

EUR thousand	
Operating lease commitments as at 31 December 2018	**5 538**
Weighted average rate as at 1 January 2019	5.6%
Discounted operating lease commitments as at 1 January 2019	4 534
Less:	
Commitments relating to short-term and low-value assets	-87
Add:	
Commitments relating to leases previously classified as finance leases	775
Extensions at management's discretion not recognized at 31 December 2018	3 625
Lease liabilities as at 1 January 2019	**8 847**

Accounting principles

Right-of-use assets:

The Group records right-of-use assets on the date of adoption of the standard on 1 January 2019. Right-of-use assets are valued at acquisition cost less accumulated depreciation and impairment and are restated through reassessments of the leases.

Leases

On the date of adoption of the standard, 1 January 2019, the Group recognised lease commitments valued at the contractual or estimated present value of the lease term. Lease payments include fixed payments less any income from re-leasing.

When calculating the present value of lease payments, the Group uses the estimated discount rate of the property investor's yield requirement for buildings and land. In machinery and equipment as well as vehicles are used the interest rates specified in the financing agreements or the local estimated additional financing interest rate.

Short-term leases and leases of low-value assets

The Group applies the exemption for short-term leases. This is also applied to leases of low-value assets. Short-term leases and leases of low-value assets are recognised as an expense.

Special consideration in determining the lease term

The Group defines leases as non-cancellable. If a lease includes the possibility to extend or terminate the lease, the extension is taken into account at management's discretion in significant lease items such as premises, land, plant and machinery.

Changes in reporting period in the balance sheet

	Right-of-use assets					
EUR thousand	**Land**	**Buildings and constructions**	**Machinery and equipment**	**Other tangible assets**	**Total**	**Lease liabilities**
As at 1 January 2019	1 092	6 545	1 559	65	9 262	8 847
Net changes	-200	-1 305	-261	367	-1 399	-510
Depreciation	-42	-1 187	-106	-121	-1 456	
Interest expense						-273
Payments						-1 235
As at 30 September 2019	**851**	**4 053**	**1 192**	**310**	**6 407**	**6 829**

3.1 KEY FIGURES

CONSOLIDATED KEY FIGURES	Q3 2019	Q3 2018	Q1-Q3 2019	Q1 -Q3 2018	2018
Net sales, EUR 1.000	22 247	20 822	64 326	63 922	82 683
EBIT, EUR 1.000	-1 471	-1 408	-4 496	-5 024	-29 800
EBIT, percent of sales	-6,6 %	-6,8 %	-7,0 %	-7,9 %	-36,0 %
Earnings per share (EPS), EUR	-0,05	-0,07	-0,22	-0,28	1,49
Return on equity (ROE), percent			-8,5 %	-6,7 %	-41,9 %
Return on capital employed (ROCE), percent			-6,7 %	-5,1 %	-27,5 %
Equity ratio, percent			49,7 %	57,1 %	49,3 %
Net gearing, percent			43,5 %	20,4 %	27,4 %
Gross investments, EUR 1.000	518	204	1 203	4 306	4 630
Gross investments, percent of sales	0,81 %	0,32 %	1,87 %	6,7 %	5,6 %
Number of shares	21 083 900	21 083 900	21 083 900	21 083 900	21 083 900
Own shares	54 222	68 920	54 222	68 920	27 507
Percentage of total shares	0,26 %	0,33 %	0,26 %	0,33 %	0,13 %

ADJUSTED CONSOLIDATED KEY FIGURES	Q3 2019	Q3 2018	Q1-Q3 2019	Q1 -Q3 2018	2018
Adjusted EBITDA, EUR 1.000	1 153	169	3 009	238	-3 529
Adjusted EBITDA, percent of sales	5,2 %	0,8 %	4,7 %	0,4 %	-4,3 %
Adjusted EBITA, EUR 1.000	-339	-1 201	-1 818	-3 370	-8 405
Adjusted EBITA, percent of sales	-1,5 %	-5,8 %	-2,8 %	-5,3 %	-10,2 %
Adjusted EBIT, EUR 1.000	-547	-1 412	-2 449	-4 011	-28 547
Adjusted EBIT, percent of sales	-2,5 %	-6,8 %	-3,8 %	-6,3 %	-34,5 %
Adjusted return on equity (ROE), percent			-4,6 %	-5,5 %	-40,2 %
Adjusted return on capital employed (ROCE), percent			-4,5 %	-4,3 %	-26,4 %

3.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

Robit presents alternative key figures to supplement the key figures given in the Group's financial statements, balance sheets and cash flow statements that have been drawn up according to IFRS standards. Robit considers that the alternative figures give significant extra insight into the result of Robit's operations, its financial position and cash flows. These figures are often used by analysts, investors and other parties.

Alternative key figures should not be studied apart from the key figures according to IFRS or instead of them. Not all companies calculate their alternative key figures in the same way, so Robit's alternative figures may not be directly comparable to those presented by other companies, even if they carry the same headings.

The following events affect comparability: costs relating to being listed on the stock exchange and share issue, acquisition costs and business restructuring costs.

Comparable EBITDA and EBITA

EUR thousand	Q3 2019	Q3 2018	Q1 - Q3 2019	Q1 - Q3 2018	2018
EBIT / Operating profit	**-1 471**	**-1 408**	**-4 496**	**-5 024**	**-29 800**
Depreciation and amortisation	1 689	1 581	6 409	4 249	25 018
EBITDA	**218**	**173**	**1 913**	**-775**	**-4 782**
Items affecting comparability					
Reorganising expenses	935	-4	1 096	1 013	1 253
Comparable EBITDA	**1 153**	**169**	**3 009**	**238**	**-3 529**
EBIT /Operating profit	**-1 471**	**-1 408**	**-4 496**	**-5 024**	**-29 800**
Amortizations of acqusitions	208	212	631	641	853
Impairment of acquisitions					19 289
EBITA*	**-1 264**	**-1 197**	**-3 865**	**-4 383**	**-9 658**
EBIT /Operating profit	**-1 471**	**-1 408**	**-4 496**	**-5 024**	**-29 800**
Items affecting comparability					
Reorganising expenses	935	-4	1 096	1 013	1 253
Impairment of asset lease	-10	0	951	0	0
Comparable EBIT	**-547**	**-1 412**	**-2 449**	**-4 011**	**-28 547**
Items affecting comparability					
Amortizations of acqusitions	208	212	631	641	853
Impairment of acquisitions					19 289
Comparable EBITA*	**-339**	**-1 201**	**-1 818**	**-3 370**	**-8 405**

* The Company has specified the treatment of write-downs according to the nature of the item for depreciation and impairment of either tangible or intangible assets. An impairment loss of EUR 962 thousand on the lease liability was presented in the H1 2019 interim report as impairment related to acquisitions and affected EBIT but not EBITA. In the Interim Report Q1 – Q3 2019, the item is presented as impairment of tangible assets affecting EBITA. The translation difference for this item for Q3 is EUR 10 thousand and the total effect for Q1-Q3 is EUR 951 thousand.

3.3 CALCULATION OF KEY FIGURES

EBITDA*	=Operating profit + depreciation and amortisation
EBITA	=Operating profit + amortisation and impairment of customer relationships and brand
Net working capital	= Inventory + Accounts receivables and other receivables – Accounts payables and other liabilities
Earnings per share (EPS), euros	$= \frac{\text{Profit (loss) for the financial year}}{\text{Amount of shares adjusted with the share issue (average during the financial year)}}$

Robit FURTHER. FASTER.

Return on equity,% = $\frac{\text{Profit (loss) for the financial year}}{\text{Equity (average during the financial year)}} \times 100$

Return on capital employed (ROCE),% = $\frac{\text{Profit before appropriations and taxes + interest expenses and other financing expenses}}{\text{Equity (average during the financial year) + interest-bearing financial liabilities (long-term and short-term loans from financial institutions, average during the financial period)}} \times 100$

Net interest-bearing debt = Long-term and short-term loans from financial institutions – cash and cash equivalents – short-term financial securities

Equity ratio,% = $\frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$

Gearing,% = $\frac{\text{Net interest-bearing financial liabilities}}{\text{Equity}} \times 100$

4. BREAKDOWN OF TURNOVER

Entries are recorded according to IFRS 15 in the same way for each business unit and market area.

NET SALES

Net sales by product area

EUR thousand	Q3 2019	Q3 2018	Change %	Q1- Q3 2019	Q1- Q3 2018	Change %	2018
Top Hammer	10 849	8 943	21 %	30 847	27 884	11 %	36 598
Down the Hole	11 399	11 876	-4 %	33 479	36 027	-7 %	46 074
Digital services	0	3	-100 %	0	12	-100 %	10
Total	**22 247**	**20 822**	**7 %**	**64 326**	**63 922**	**1 %**	**82 683**

Net sales by market area

EUR thousand	Q3 2019	Q3 2018	Change %	Q1- Q3 2019	Q1- Q3 2018	Change %	2018
Europe, Middle East and Africa	9 629	7 792	24 %	27 522	24 448	13 %	31 919
North and South America	4 182	3 455	21 %	11 311	10 072	12 %	12 941
Asia	2 291	2 959	-23 %	8 390	8 595	-2 %	11 593
Australasia	4 115	4 999	-18 %	11 624	16 249	-28 %	19 884
Russia and CIS countries	2 031	1 617	26 %	5 479	4 559	20 %	6 346
Total	**22 247**	**20 822**	**7 %**	**64 326**	**63 922**	**1 %**	**82 683**

5. FINANCING ARRANGEMENTS

Robit Plc and its main financing bank have agreed that in financial year 2019 the covenant condition will be absolute EBITDA at 30 June 2019 and at 31 December 2019. The interest rate margin on loans is increased by 1.1% (new margin of 2.75%) until Robit Corporation’s covenant interest-bearing net debt / EBITDA reaches the value specified in the financing agreement.

In the situation on June 30, 2019, the company complied with the covenant terms. EBITDA was EUR 1.7 million and equity ratio was 49.5% thus exceeding agreed levels.

Borrowings/Loans/Interest-bearing loans

EUR thousand	30-Sep-19	30-Sep-18	31-Dec-18
Non-current borrowings			
Loans from credit institutions	24 762	4 956	24 678
Other loans	584	736	660
Lease liabilities	4 077	835	524
Total non-current borrowings	**29 424**	**6 527**	**25 862**
Current borrowings			
Loans from credit institutions	2 601	35 070	13 246
Other loans	76	68	76
Bank overdrafts	3 878	3 356	3 845
Lease liabilities	2 752	9	251
Total current borrowings	**9 307**	**38 503**	**17 419**
Total borrowings	**38 731**	**45 031**	**43 280**

* According to IFRS 16, leases have been reported as of 1 January 2019 in fixed assets and loans. Of the lease liabilities in January-September 2019 EUR 6 218 thousand are IFRS 16 rents and EUR 611 thousand are former finance lease liabilities. For more information on IFRS 16, see Note 2.

6. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR thousand	30-Sep-19	30-Sep-18	31-Dec-18
Cost at the beginning of period	39 890	37 482	37 482
Additions	1 094	3 880	4 082
IFRS 16 additions and disposals net	8 563	0	0
Disposals	-4 567	-1 154	-1 368
Reclassifications	-210	0	0
Exchange differences	-136	-283	-306
Cost at the end of period	44 634	39 925	39 890
Accumulated depreciation and impairment at the beginning of period	-14 066	-11 202	-11 202
Depreciation	-4 725	-2 987	-4 055
Disposals	929	941	1 029
Reclassifications	81	0	0
Exchange differences	-6	124	161
Accumulated depreciation and impairment at the end of period	-17 788	-13 124	-14 066
Net book amount at the beginning of period	**25 824**	**26 280**	**26 280**
Net book amount at the end of period	**26 846**	**26 801**	**25 824**

* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. More information about changes IFRS 16 standard caused in notes section 2.

7. IMPAIRMENT TESTING

The amount of goodwill is reviewed at least annually in accordance with IFRS. The values of the goodwill testing variables are also revised if there have been material changes in business, competition, the market or other assumptions of goodwill testing. Company has decided to reorganize Down the Hole business in order to get considerable efficiency and cost benefits in the supply chain. In this respect Down the Hole and Halco, which have been reported as separate cash generating units, will be treated as one CGU. After this change company will have two

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cash generating units (Top Hammer and Down the Hole). As the business will be transformed the changes in profitability, net working capital and in investment requirements have been considered.

As of 30 September 2019, the company has reviewed the assumptions used in goodwill testing, such as forecasts for the current and future years and changes in interest rates. Management has evaluated the impact of re-organizing the changes in the profitability of reorganization, working capital impact and investments. Planned changes are assumed to improve the performance of cash generating units. Based on the management's assessment, there is no need to make any changes.

8. GUARANTEES GIVEN

EUR thousand	30-Jun-19	30-Jun-18	31-Dec-18
Guarantees and mortgages given on own behalf	46 025	46 025	46 025
Other guarantee liabilities	261	517	261
Total	**46 286**	**46 542**	**46 286**

*Lease liabilities are reported with in accordance with IFRS 16 and further information on IFRS 16 liabilities can be found in note section 2.

9. ACQUISITIONS

There were no changes in the Group structure during the review period.

10. DERIVATIVES

The company hedges the most significant net and foreign currency positions that can be predicted in time and volume. During the reporting period, hedging had no significant impact on the result and there were no open derivatives at the end of the reporting period.

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